

State of Alaska FY2003 Governor's Operating Budget

Department of Community & Economic Development Performance Measures

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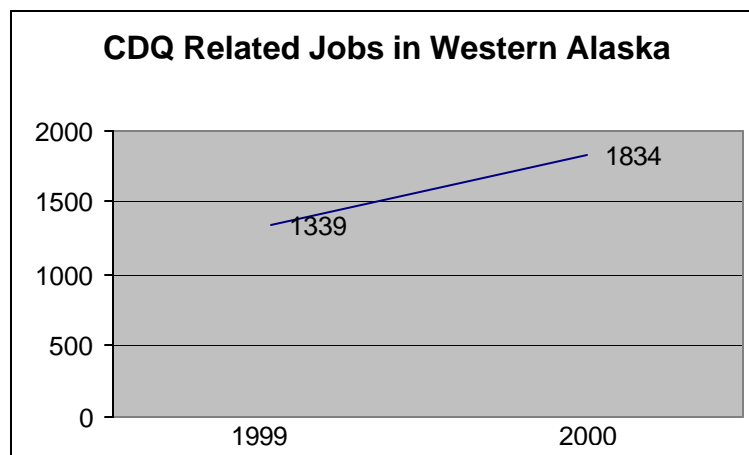
Governor's Key Department-wide Performance Measures for FY2003

Measure:

The change in the number of CDQ-related (community development quota related) jobs in Western Alaska.
Sec 24(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were 1834 CDQ related jobs created in 2000, an increase from 1339 in 1999. The employment include positions on offshore factory trawlers, onshore processing plants, CDQ halibut and salmon plants, local halibut fisheries, and various management and administrative jobs within the six CDQ groups.



FY03 target: The division expects the number of seafood industry jobs in the CDQ program to increase again in FY03 primarily due to increasing CDQ ownership in groundfishing vessels. In addition, better recruitment and placement of employees by the CDQ groups in the processing and harvesting sectors and in administrative and management positions within the groups themselves, have made more employment opportunities available for residents in western Alaska.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The data for this Measure was taken from the 2000 CDQ Quarterly Reports.

Measure:

The increase in the number of Alaska firms that export products and services.
Sec 25(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

According to the U.S. Department of Commerce ("A Profile of U.S. Exporting Companies, 1998-1999"), in 1999, the most recent year for which figures are available, the number of Alaska-based exporters was 859. This number represents a 10% increase from 1998.

Target proposal: Meet or exceed the national rate of growth of the number of exporting companies.

Number of Companies Exporting in Alaska

*1999 is the most recent data available as of Nov.

2001

During the 1998 to 1999 period, the national rate of growth of the number of exporting companies was 7.5%, based on information collected and reported by the U.S. Department of Commerce.

Background and Strategies:

Diversifying markets is beneficial to Alaska companies and Alaska's economy. The division assists export-ready companies to begin and expand export markets.

- Provide trade information and services to export-ready Alaska companies.
- Assist smaller and new-to-export firms to "test the waters" overseas through relatively inexpensive means such as Alaska Products Catalogs distributed to trade groups, and shared Alaska booths at targeted trade shows.
- With private sector interest and support, organize and conduct trade missions matching industries with potential markets to expand sales in current markets and develop new markets.

Measure:

Increase visitation from domestic and foreign markets.

Alaska's Target & Progress:

Target is to increase overall visitation by 3% in Summer and 3% in Fall/Winter.

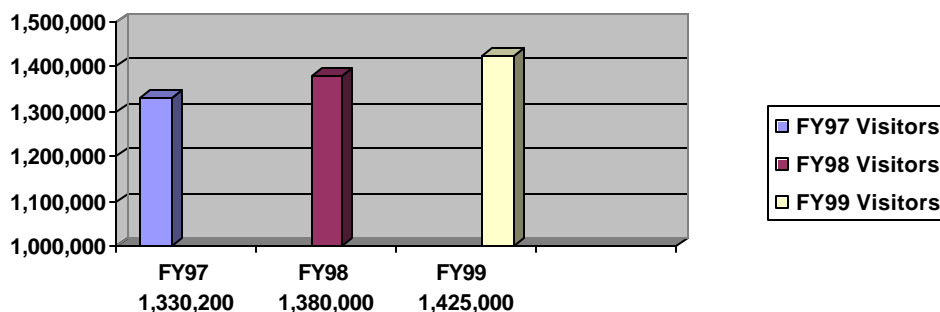
Summer 2001: Progress will not be known until the Alaska Visitor Statistics Program (AVSP) Summer 2001 report is released by the Department. However, in an informal poll of Alaska tourism businesses over 40% of respondents reported business was down for summer of 2001 compared to previous years.

Fall/Winter 2001: Early indicators show that this goal was exceeded by a significant amount. Preliminary data from the AVSP Fall/Winter 2000/01 estimates arrivals were 10-15% higher than in fall/winter 1998-99 (the last year for which information is available).

DCED is updating the Alaska Visitor Statistics Program IV (AVSP), which will provide critical data on Alaska visitors. This information will be used as a benchmark for tracking actual visitation patterns for FY03 and in future years. Once completed, this study will also provide benchmark information for the number of repeat visitors.

The AVSP 1999 Summer Arrivals study shows that visitor traffic growth has slowed over the past several years. In 1996, visitor volume grew by 10%; in 1997, by 5%; and in 1998, by 4%.

YEAR-ROUND ALASKA VISITATION



*No AVSP Fall/Winter arrivals data was collected for 1999/2000 so 1998/1999 figures were used for comparison.

Events of 9/11: The tragic events of September 2001 have altered the course of travel for the foreseeable future. Travel and tourism is one of the hardest hit sectors of the economy and one of the areas where consumer confidence will take the longest time to return. Massive layoffs and bankruptcies are erupting throughout the industry. As a result urgent short term measures have been undertaken by the federal government to generate cash flow and assist the travel industry in regaining its footing. A number of cities and states have begun emergency marketing campaigns to attract consumers who are willing to travel. In Alaska the major impact will occur in the coming months as we head

into the peak booking cycle and summer season. Alaska is expected to be particularly hard hit since many consumers are now afraid to fly, and Alaska's primary mode of travel is by air.

Benchmark Comparisons:

According to the Travel Industry Association (TIA), U.S. domestic travel for 2000 grew by 1% over 1999, while the Pacific region of the U.S. saw an increase of 5% over the previous year. International travel was up 4.9% with cruise industry traffic increasing 16.8%. TIA originally forecasted a 1.8% increase in domestic/international travel for 2002, although these projections are now being re-evaluated due to the terrorist attacks.

Background and Strategies:

Alaska needs to become more competitive in the marketplace; given current funding, this is very difficult to do. In comparison to other states, Alaska ranks 36th in the amount of state funds allocated to tourism marketing. This greatly diminishes the state's ability to compete for visitors. The average state tourism marketing budget for 2001 was \$13.7 million compared to Alaska's \$7.3 million budget. Another important point of reference is that 35 of 50 state tourism marketing programs receive 100% of their funding from the public sector.

International visitors continue to come primarily from Japan, Germany, the United Kingdom and Australia. Based on reports from tour operators, cruise lines and airline sources the 2001 season brought approximately 25,000 visitors from Germany, 23,000 from Japan, 15,000 from the United Kingdom and 12,000 from Australia.

Marketing strategies being implemented to compete for visitors include:

- Adding national cable television.
- Expanding and promoting Official Alaska State Travel Website (www.travelalaska.com) in order to maintain the monthly average of 90,000 visitor sessions and 23.5 million total hits to the site for the year.
- Bolstering Public Relations efforts to include aggressive outreach to travel writers, editors and producers in order to increase national media exposure for Alaska.
- Increasing the level of knowledge regarding Alaska with travel trade and tour operators.

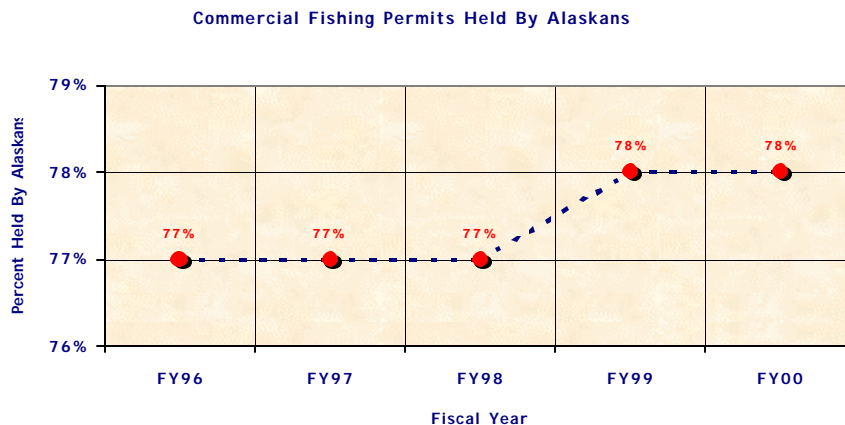
Measure:

Whether the division maintains the proportion of commercial fishing permits held by Alaskans at 75% or higher through the Commercial Fishing Revolving Loan Fund.

Sec 27(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY99 and FY00 (the most recent figures available), the proportion of permits held by Alaskans was 78%. From FY96 to FY98, the proportion of permits held by Alaskans was 77%.



Benchmark Comparisons:

Other than our twenty-five year loan history, there are no other programs similar to this loan program.

The commercial fishing industry continues in flux as world markets adapt to the changing supply of fish from fish farms as well as the more traditional fishing fleets. The salmon markets have been significantly affected, and as a result, they have been extremely volatile for the past several years. It is important that Alaska maintains its place in the worldwide salmon market during these changing times to assure our place for the future. This loan program offers a relatively modest financing program for Alaska resident commercial fishing harvesters. The division's effort is to maintain the proportion of commercial fishing permits held by Alaskans at 75% or higher. To achieve this goal this division will:

- Work with Alaska resident fishermen requesting financing for the purchase of permits.
- Work with Alaska resident fishermen requesting financing for gear, vessel upgrades and/or improvements.
- Travel to fishing communities all over the state to assist them in their planning for financing their on-going fishing businesses.
- Travel to fishing communities all over the state to assist them in solving tax related problems.
- Continue to work with the Alaska Business Development Center, assisting fishermen through our Fisheries Business Assistance Contract.

Measure:

AIDEA -- The number of permanent jobs created.

Sec 29(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY 2001 AIDEA funded loan participations totaling approximately \$9.9 million, creating approximately 185 construction jobs and 163 new jobs, and guaranteed one loan for \$150,000, creating 6 new jobs. In FY2002 AIDEA will purchase between \$50 and \$65 million in loan participations. This is expected to be a record amount and not a figure that is sustainable. In FY 2003, AIDEA will purchase approximately \$30.0 million in loan participations with financial institutions; and guarantee \$2.0 million in small business loans. The number of jobs created is one of the factors in AIDEA's determination to participate in a loan financing; however, AIDEA has not traditionally projected the number of jobs to be created by its financing participations. After a loan is approved AIDEA is able to track that information. On average, over 285 permanent jobs are created annually by AIDEA's loan participations and guarantees.

	Jobs Created/Retained	
	Construction	Permanent
1992	77	34
1993	191	568
1994	334	349
1995	268	215
1996	298	128
1997	504	176
1998	600	500
1999	381	442
2000	506	275
2001	185	169

The number of "permanent jobs created" dropped from FY00 to FY01 primarily due to a drop in loans funded, from \$30.9 million in FY00 to \$9.9 million in FY01. The drop in fundings is in part due to large new construction projects that AIDEA committed to but were not completed within the fiscal year. There is often a lag time between approved loans and funded loans, possibly 60 days to a year. FY02 will reflect the statistics for completed projects that AIDEA committed to in FY01.

Benchmark Comparisons:

No other state in the nation has a public development corporation identical to AIDEA.

Background and Strategies:

AIDEA provides the financing mechanisms necessary to participate in long-term commercial loans, guarantee small business loans, including export transactions, to own projects that promote economic development and to provide conduit financing of projects owned by others that promote economic development.

AIDEA will continue to work with the private sector to develop infrastructure projects that AIDEA can own and lease to the private sector, complimenting private sector investment. AIDEA will also continue to work with the private sector to provide conduit revenue bond financings of projects owned by private sector investments that promote economic development.

Measure:

The percentage of technology project grantees in business because of ASTF grants.
Sec 32(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

67% (31 out of 46) reported being in business because of their ASTF grant.

Target: 50% in business because of their ASTF grant.

Benchmark Comparisons:

Annually, ASTF prepares an Alaska science and technology innovation index which can be downloaded from ASTF's website at:

<http://www.astf.org/admin/files/data/docs/TechIndex2001.pdf>.

This index includes historical trends and comparisons with selected other states and the U.S. average. The index represents a snapshot in understanding areas where Alaska is either doing well, average, or poorly in terms of its economy and science and technology innovation and potential.

Background and Strategies:

ASTF co-invests in new business concepts in a portfolio of both new and existing firms. Most Alaskan firms cannot afford R&D projects or risk. New firms offer exciting growth possibilities. Existing firms seeking to add a new business line offer business experience and infrastructure, managerial and financial depth, and support services.

Executive Administration Budget Request Unit

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Key Performance Measures for FY2003

Measure:

The percentage of divisions that meet assigned performance measures.
Sec 22(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There are 7 divisions and 6 agencies within DCED. In HB 250, the mission and measures bill for FY02, DCED has 58 measures. Of this amount, 9 are new from FY01, 28 are revised, and 2 FY01 measures were deleted. Generally, the divisions accomplished their measures in FY01 and are on track to accomplish the FY02 measures.

The target is for 100% of divisions and agencies to meet the target in each measure.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Measures need to include targets so it will be apparent whether the measure has been accomplished. Many of the previous measures simply required reporting data.

Measure:

The reduction in per unit cost in the departmental divisions.
Sec 22(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The department has made no progress on this measure because the purpose of the measure is not clear. Every DCED division/agency is expected to be managed productively and efficiently, looking for ways to reduce expenditures. However, there are numerous ways to measure per unit cost that very well differ between division and agency, based on its function. However, the per unit cost is likely not to be a significant indicator of the effectiveness of the division/agency, even if some defined per unit cost is reduced. The budgets of the divisions/agencies are set by the Legislature and budget increases or decreases ultimately affect whether this measure is met or not.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

This measure was added to the Commissioner's Office by the Legislature in FY01 and again in FY02. The measure is unique to the DCED Commissioner's Office as the measure is not in any other department commissioner's office sections in HB 250, the mission and measures bill. The department recommends that this measure be deleted as it is unclear.

Measure:

The average time taken to respond to complaints and questions that have been elevated to the commissioner's office.
Sec 22(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

This measure was added by the Legislature in FY02. Baseline data is being collected in FY02. The target is expected to be 10 working days to respond to written complaints that are elevated to the commissioner's office.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

A tracking system is established to log in all commissioner's office correspondence, including complaints. The tracking system records the date received, to whom the response was assigned, and when the response was sent.

Measure:

The number of late penalties for payroll or vendor payments.

Sec 23(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There was \$1.0 in interest and penalties paid in FY01. To date in FY02 is no penalties or interest has been paid. \$1.2 in penalties was paid by ASMI on their travel account in FY00.

The target is to have no late penalties or interest charges.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The strategy is to pay employees and vendors promptly and accurately to avoid late penalties.

Measure:

The number of audit exceptions.

Sec 23(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were three audit exceptions in FY00. Two were related to the FY97 Bristol Bay fishing disaster established under the Department of Community and Regional Affairs. The third audit exception has been rectified. The FY01 single audit is not completed yet.

There was one audit exception in FY99.

The FY03 target is to have no audit exceptions.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The strategy is to manage the department's finances efficiently and effectively to avoid audit exceptions.

Measure:

The number of procurement protests.

Sec 23(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY01 there was one new procurement protest regarding a professional services contract awarded by the Alaska Industrial Development and Export Authority. AIDEA's decision is currently being appealed to DOA.

In FY00 there were 4 protests and of the 4, 2 were denied with denial upheld, 1 to appeal with a settlement and 1 appeal granted in part.

The FY03 target is to have no defensible procurement protests.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The strategy is to ensure compliance with procurement statutes/regulations/guidelines to limit procurement protests.

Measure:

The number of union employees in the department who file grievances compared to other departments.
Sec 23(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were no grievances filed in DCED in FY01 and none have been filed to date in FY02. DCED was the only department in the first quarter of FY02 to have no grievances filed or pending. No data is currently available on the number of grievances filed in other departments in FY01.

In FY00, 8 grievances were filed in DCED, ranking DCED with 2 other departments having the lowest number of grievances filed.

The target is to have fewer grievances than any other department.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The strategy is to provide exceptional human resources services to department employees and managers to effectively eliminate grievances filed by union employees in the department.

Measure:

The number of grievances advanced to and sustained in arbitration.
Sec 23(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were no grievances advanced to and sustained in arbitration in FY01 and FY00. None have occurred to date in FY02.

The target is to have no grievances sustained.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The strategy is to provide exceptional human resources services to department employees and managers to effectively eliminate grievances by union employees in the department advanced to and sustained in arbitration.

Measure:

The number of contested classification actions.
Sec 23(b)(6) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were no contested classification actions in FY01 and FY00 and none have occurred to date in FY02.

The target is to have no contested classification actions that are sustained.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The strategy is to provide exceptional human resources services to department employees and managers to effectively eliminate contested classification actions.

Community Assistance & Economic Development Budget Request Unit

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Key Performance Measures for FY2003

Measure:

The change in the number of communities successfully managing new sewer and water systems.
Sec 24(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Completed or virtually completed 91 rural systems since efforts began in the 1960's to build such systems. Of these, 5 were completed in FY 01.

The FY02 Key Performance Measure stated that completed systems totaled 96. The reason for the discrepancy in the completed systems is due to new data collection and reporting methods. This data was not collected until 2000 when DEC and the Alaska Native Tribal Health consortium began collection efforts. Last year the data was still preliminary when budget submissions were due. Since then the data has been revised and in 2000 there were 86 completed systems.

Twenty-nine utilities are not considered to be successful. One of the systems completed in FY01 is not considered successful. These 29 utilities have been identified as chronic violators of environmental regulations related to the operation of water and wastewater systems.

FY03 target: 96 communities completed, 27 not considered successful.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Time frame for measurement is FY 01.

New water and sewer systems - defined as a sanitation project completed, where the project supplies 90% or more of the year-round occupied households with plumbed water and wastewater served via pipes or haul vehicles. Source of data: Alaska Native Tribal Health Consortium, DEC's Facility Construction and Operation Division.

Successfully manages - defined as operating without major interruption of service and without substantial violations of water quality, waste discharge and environmental regulations for more than one quarter. Source of data: EPA issued Substantial Noncompliance List.

Measure:

The change in the number of Alaskans employed year-round in the visitor industry.
Sec 24(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

A 1999 update of the Alaska Visitor Industry Economic Impact Study indicated that one in eight private sector workers are now employed in the visitor industry in Alaska. Alaska's visitor industry directly and indirectly accounts for approximately 30,700 jobs (20,300 direct employment; 10,400 indirect employment).

Updated information is expected to be available in 2002.

FY03 target: The division expects the number of tourism related jobs to meet or exceed the number of jobs in FY02. It is difficult to predict at this point due to the changes in national security, which will impact the tourism industry.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Data is being gathered through the Alaska Visitors Statistics Program administered by the Division of Community and Business Development. Tourism industry employment data is not easily discernable through the Standard Industrial Classification (SIC) system utilized by the Department of Labor and Workforce Development.

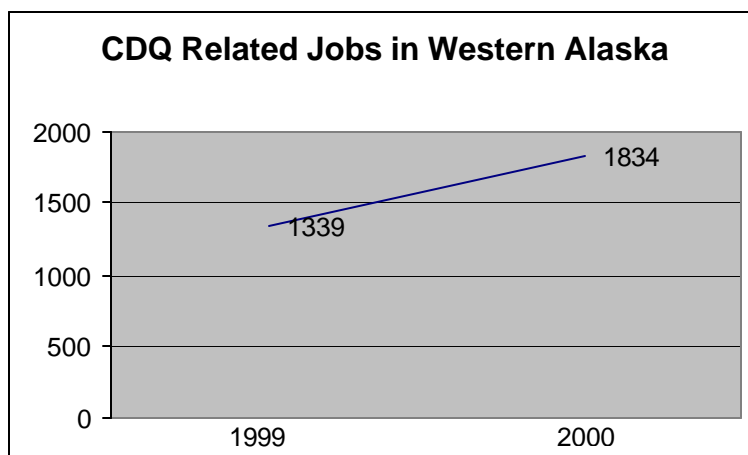
Measure:

The change in the number of CDQ-related (community development quota related) jobs in Western Alaska.

Sec 24(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were 1834 CDQ related jobs created in 2000, an increase from 1339 in 1999. The employment include positions on offshore factory trawlers, onshore processing plants, CDQ halibut and salmon plants, local halibut fisheries, and various management and administrative jobs within the six CDQ groups.



FY03 target: The division expects the number of seafood industry jobs in the CDQ program to increase again in FY03 primarily due to increasing CDQ ownership in groundfishing vessels. In addition, better recruitment and placement of employees by the CDQ groups in the processing and harvesting sectors and in administrative and management positions within the groups themselves, have made more employment opportunities available for residents in western Alaska.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The data for this Measure was taken from the 2000 CDQ Quarterly Reports.

Measure:

The number of communities that dissolve.

Sec 24(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

No petitions for dissolutions were filed in FY01. This performance measure is not conducive to establishing a target goal.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Information for this measure comes from petitions for dissolution from municipalities. The term municipal government as opposed to community should be used in this measure because the division does not have the same constitutional

and statutory charge to “advise and assist” unincorporated communities as is mandated for municipal governments. Also, an unincorporated community receives no Safe Communities entitlement and its State Revenue Sharing entitlement is so minimal, creditors rarely bother effecting a levy against it.

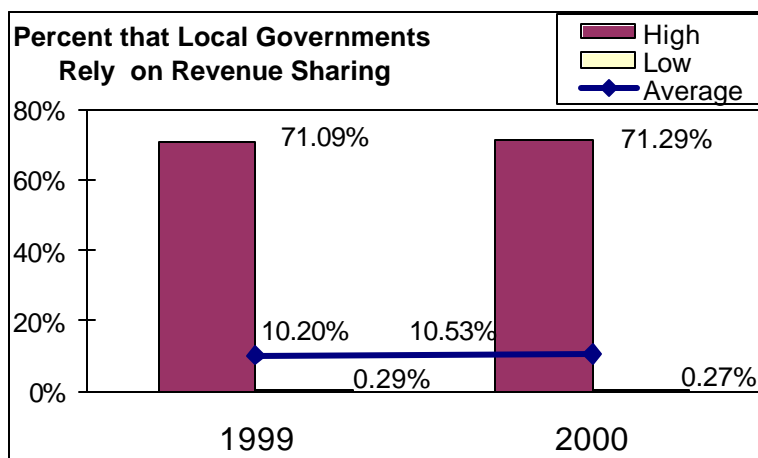
Measure:

How much, expressed as a percentage, local governments rely on revenue sharing in their general operating budgets. Sec 24(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The average percentage calculated is 10.53%. There were 161 local governments with a range from 71.09% to .29%. In FY01 the average percentage was 10.2%. There were 161 local governments with a range from 71.29% to .27%.

This performance measure is not conducive to establishing a target goal. While it is a Department goal that local governments become more self-sufficient through increased local revenue generation, the percentage local governments rely on revenue sharing in their operating budgets can be impacted in several ways not related to the Department's efforts in this area. For example, the level of revenue sharing funding appropriated by the Legislature and local government operating revenues received by other State agencies or the Federal Government has a direct effect on the annual percentage rates.



Benchmark Comparisons:

Not applicable.

Background and Strategies:

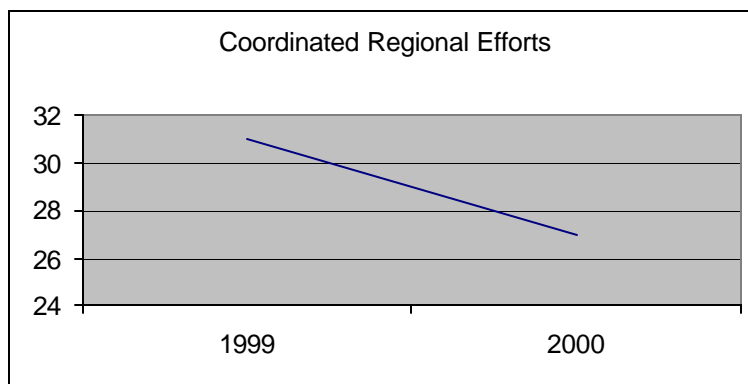
A listing of the governments and the percentages and figures used in the calculations is available upon request from the Division of Community and Business Development.

Measure:

The number of coordinated regional efforts resulting in the creation of new business opportunities. Sec 24(d)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There were 27 coordinated regional efforts within the Alaska Regional Development Organizations (ARDORs) resulting in creation of new business opportunities. In FY00, the first year of the measure, there were 31 coordinated regional efforts.



FY03 target: There will be 30 coordinated regional efforts resulting in creation of new business opportunities.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

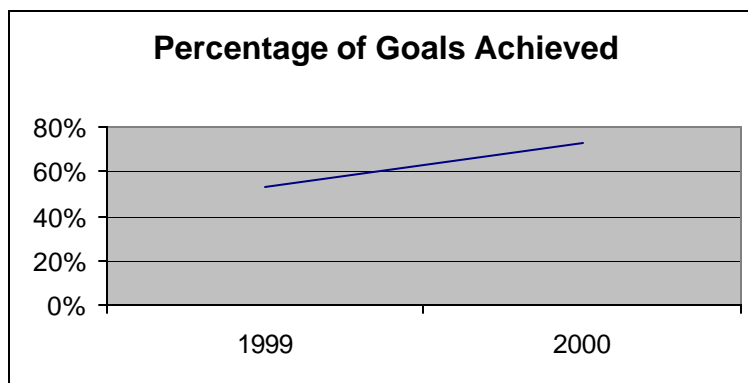
The information in this Performance Measure was taken from the January 2001 ARDOR Annual Report. This area for the ARDOR program looks like it went down this year. The reason the numbers are lower is that two ARDORs (Anchorage and SWAMC) have not yet reported this information.

Measure:

The percentage of goals identified through regional processes that are achieved.
Sec 24(d)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The percentage of goals identified through regional processes that are achieved is an average of 73%. Figures taken from the Alaska Regional Development Organization FY02 grant application. The percentage report was derived by dividing the number of goals accomplished during the year by the number of goals identified at the beginning of the year. The percentage of goals from the FY01 grant applications is an average of 53%, the first year of the measure.



FY03 target: The percentage of goals identified through regional processes that are achieved will be an average of 75%.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The information in this Performance Measure was taken from the ARDOR grant applications. The goals used in the

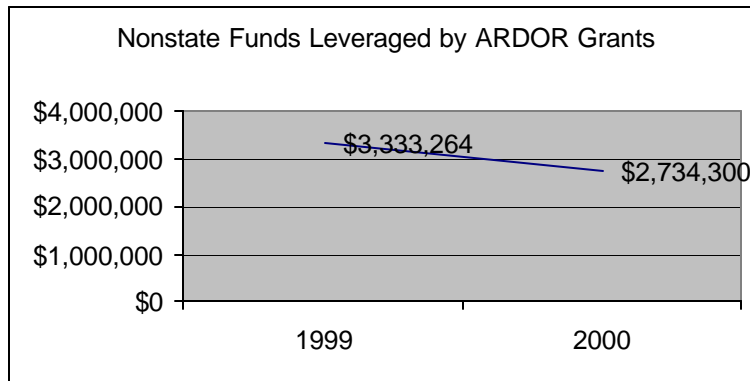
calculation are the grantees' goals.

Measure:

The change in the amount of nonstate funds leveraged by ARDOR grants.
Sec 24(d)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The amount of nonstate funds leveraged by the FY02 ARDOR grants is \$2,734,300, a decrease from \$3,333,264 from FY01 (FY01 was the first year of the measure).



FY03 target: The amount of nonstate funds leveraged by the FY03 ARDOR grants will increase 10% from FY02.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

The information in this Performance Measure was taken from the ARDOR FY02 grant applications. . This area for the ARDOR program looks like it went down this year. The reason the numbers are lower is that two ARDORs (Anchorage and SWAMC) have not yet reported this information. SWAMC hasn't applied for the FY02 grant.

Measure:

The cost per trade lead in international trade and development.
Sec 25(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

No baseline number as yet. This is a new measure approved by the 22nd Legislature. Based on performance measure approved by the 21st Legislature, the division began in FY01 to maintain records quantifying the number of trade leads distributed to Alaska exporters, overseas buyers, film community, and other Alaska businesses. The division is currently developing an effective method of allocating costs specifically associated with the collection and dissemination of leads.

Benchmark Comparisons:

A comparison between Alaska and other states will be problematic. According to the two leading national organizations supporting international trade and economic development (NASDA and SIDO) for the states, comparative data is neither collected nor reported.

Background and Strategies:

Handling of leads is one of many activities performed by the division. The division's in-state trade specialists and overseas trade representatives work closely with Alaska and overseas companies to identify and pursue opportunities for trade and development.

- Strive to increase number of leads and qualify leads for appropriateness and potential, while working to contain cost.
- Distribute leads to appropriate Alaska and overseas businesses.
- Identify and help Alaska companies to pursue new export opportunities.
- Participate in special promotions and presentations, trade shows and seminars to raise the visibility of Alaska as a potential source for products and services, and a good place to do business.
- Educate potential customers overseas about what Alaska has to offer, through efforts of overseas trade representatives in Japan, Korea, Taiwan and the Russian Far East.
- Organize and conduct trade missions, inbound and outbound, to introduce buyers in key markets to Alaska sellers.

Measure:

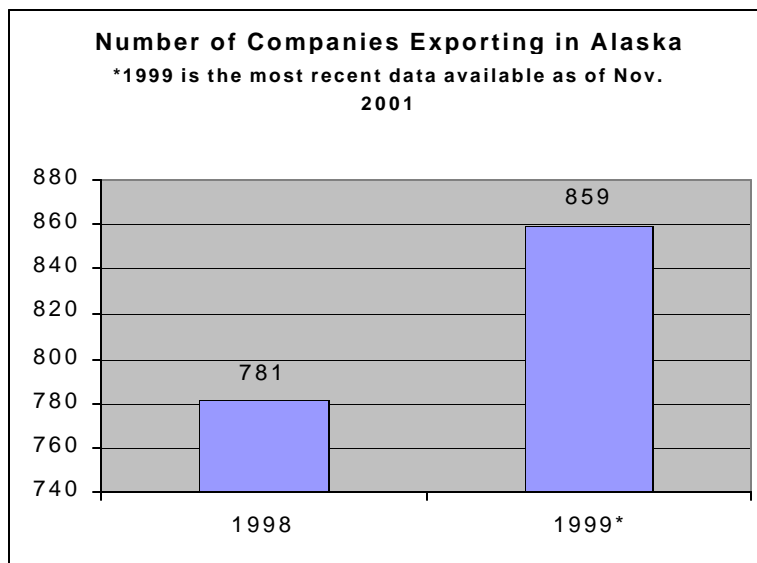
The increase in the number of Alaska firms that export products and services.

Sec 25(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

According to the U.S. Department of Commerce ("A Profile of U.S. Exporting Companies, 1998-1999"), in 1999, the most recent year for which figures are available, the number of Alaska-based exporters was 859. This number represents a 10% increase from 1998.

Target proposal: Meet or exceed the national rate of growth of the number of exporting companies.

**Benchmark Comparisons:**

During the 1998 to 1999 period, the national rate of growth of the number of exporting companies was 7.5%, based on information collected and reported by the U.S. Department of Commerce.

Background and Strategies:

Diversifying markets is beneficial to Alaska companies and Alaska's economy. The division assists export-ready companies to begin and expand export markets.

- Provide trade information and services to export-ready Alaska companies.
- Assist smaller and new-to-export firms to "test the waters" overseas through relatively inexpensive means such as Alaska Products Catalogs distributed to trade groups, and shared Alaska booths at targeted trade shows.
- With private sector interest and support, organize and conduct trade missions matching industries with potential markets to expand sales in current markets and develop new markets.

Measure:

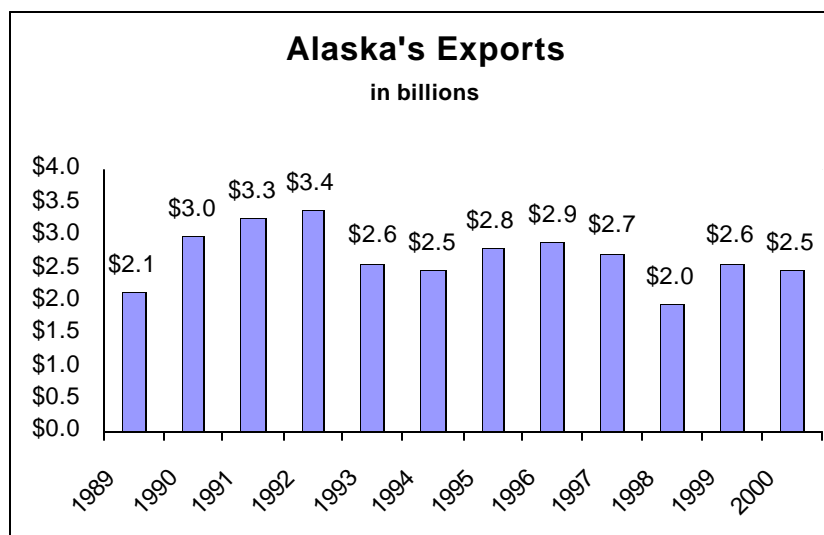
The change in the dollar value of exports from the state.

Sec 24(d)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The dollar value of goods exported from Alaska totaled \$2.5 billion in 2000, a decrease of 3.9% from 1999*. (*Decrease due to change in destination of North Slope Crude, now being shipped to U.S. West Coast refineries. Not counting crude oil, Alaska's exports increased 5.5% in 2000.)

Target level proposed: Meet or exceed the national growth rate of exports.

**Benchmark Comparisons:**

Based on information collected and reported by the U.S. Department of Commerce Census Bureau, the change in the dollar value of Alaska exports can be compared with the change in the dollar value of exports from other states.

Figures are derived from Export Statistics, State of Origin series. U.S. exports increased 12.6% in 2000.

Background and Strategies:

The state's export industries continue to benefit from Alaska's trade presence in key overseas markets. The division assists Alaska companies and industries to export:

- Provide information and assistance to help Alaska companies initiate or expand export business activities.
- Research potential niche-market opportunities for value-added Alaska products. Identify potential buyers in promising markets, and introduce them to Alaska suppliers.
- Keep Alaskans informed about key markets through periodic newsletters and special reports.
- Promote exports to Alaska's key markets - Japan, Korea, Canada, China, Taiwan, and the Russian Far East.
- Focus on Alaska's key markets by contracting for trade representation in Tokyo, Seoul, Taipei and Sakhalin. Overseas trade representatives maintain contacts with key officials in private sector and government, promote Alaska products and services, and provide timely, useful market information to Alaskans.
- Utilize overseas trade representatives to extend the effectiveness of Alaska companies overseas - provide market research on specific goods and services, and assist Alaskans to make contact with buyers.

BRU/Component: Qualified Trade Association Contract

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Jeff Bush, Deputy Commissioner

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Key Performance Measures for FY2003

Measure:

Increase visitation from domestic and foreign markets.

Alaska's Target & Progress:

Target is to increase overall visitation by 3% in Summer and 3% in Fall/Winter.

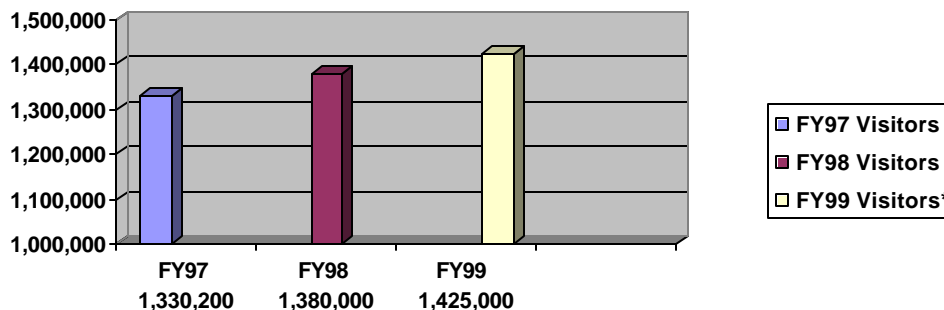
Summer 2001: Progress will not be known until the Alaska Visitor Statistics Program (AVSP) Summer 2001 report is released by the Department. However, in an informal poll of Alaska tourism businesses over 40% of respondents reported business was down for summer of 2001 compared to previous years.

Fall/Winter 2001: Early indicators show that this goal was exceeded by a significant amount. Preliminary data from the AVSP Fall/Winter 2000/01 estimates arrivals were 10-15% higher than in fall/winter 1998-99 (the last year for which information is available).

DCED is updating the Alaska Visitor Statistics Program IV (AVSP), which will provide critical data on Alaska visitors. This information will be used as a benchmark for tracking actual visitation patterns for FY03 and in future years. Once completed, this study will also provide benchmark information for the number of repeat visitors.

The AVSP 1999 Summer Arrivals study shows that visitor traffic growth has slowed over the past several years. In 1996, visitor volume grew by 10%; in 1997, by 5%; and in 1998, by 4%.

YEAR-ROUND ALASKA VISITATION



*No AVSP Fall/Winter arrivals data was collected for 1999/2000 so 1998/1999 figures were used for comparison.

Events of 9/11: The tragic events of September 2001 have altered the course of travel for the foreseeable future. Travel and tourism is one of the hardest hit sectors of the economy and one of the areas where consumer confidence will take the longest time to return. Massive layoffs and bankruptcies are erupting throughout the industry. As a result urgent short term measures have been undertaken by the federal government to generate cash flow and assist the travel industry in regaining its footing. A number of cities and states have begun emergency marketing campaigns to attract consumers who are willing to travel. In Alaska the major impact will occur in the coming months as we head into the peak booking cycle and summer season. Alaska is expected to be particularly hard hit since many consumers are now afraid to fly, and Alaska's primary mode of travel is by air.

Benchmark Comparisons:

According to the Travel Industry Association (TIA), U.S. domestic travel for 2000 grew by 1% over 1999, while the Pacific region of the U.S. saw an increase of 5% over the previous year. International travel was up 4.9% with cruise industry traffic increasing 16.8%. TIA originally forecasted a 1.8% increase in domestic/international travel for 2002, although these projections are now being re-evaluated due to the terrorist attacks.

Background and Strategies:

Alaska needs to become more competitive in the marketplace; given current funding, this is very difficult to do. In comparison to other states, Alaska ranks 36th in the amount of state funds allocated to tourism marketing. This greatly diminishes the state's ability to compete for visitors. The average state tourism marketing budget for 2001 was \$13.7 million compared to Alaska's \$7.3 million budget. Another important point of reference is that 35 of 50 state tourism marketing programs receive 100% of their funding from the public sector.

International visitors continue to come primarily from Japan, Germany, the United Kingdom and Australia. Based on reports from tour operators, cruise lines and airline sources the 2001 season brought approximately 25,000 visitors from Germany, 23,000 from Japan, 15,000 from the United Kingdom and 12,000 from Australia.

Marketing strategies being implemented to compete for visitors include:

- Adding national cable television.
- Expanding and promoting Official Alaska State Travel Website (www.travelalaska.com) in order to maintain the monthly average of 90,000 visitor sessions and 23.5 million total hits to the site for the year.
- Bolstering Public Relations efforts to include aggressive outreach to travel writers, editors and producers in order to increase national media exposure for Alaska.
- Increasing the level of knowledge regarding Alaska with travel trade and tour operators.

Measure:

Increase economic and other benefits provided by the visitor industry.

Alaska's Target & Progress:

Target is to:

- Increase statewide visitor expenditures from \$949 million and overall impact of \$2.6 billion;
- Enhance the quality of life for Alaskans; and
- Increase year-round employment of Alaskans in the visitor industry above the current 30,700.

Number of Jobs: One in eight private sector workers are now employed in the visitor industry in Alaska. Alaska's visitor industry directly and indirectly accounts for approximately 30,700 jobs (20,300 direct employment; 10,400 indirect employment).

Average Visitor Expenditure: Visitors spend an estimated \$726 per-person, per-trip while visiting Alaska. As the number of visitors to Alaska grows, the overall economic impact to the state will increase.

Total Visitor Industry-Related Economic Output (Spending) in Alaska, 1998

	Direct Spending (millions)	Output Multiplier	Indirect Output (millions)
Transportation	\$172.1	1.8973	\$326.5
Retail	191.1	1.7945	324.9
Service Sector			
Lodging	203.7	1.6589	337.9
Food/Drink	137.1	1.5499	212.5
All Other Service	244.8	1.6554	405.2
Total	\$948.9		\$1,625
Plus Direct Impacts			949
GRAND TOTAL:			\$2,574

Source: Economic Impacts of Alaska's Visitor Industry, March 1999

Benchmark Comparisons:

Length of Trip: The Travel Industry of America (TIA) reports the national average trip duration in 2000 was 4.1 nights. Alaska is out-performing the national average. The 1999 AVSP visitor arrival study reports the average trip duration at 9.8 days. More nights/days in a destination translate into more dollars spent.

Background and Strategies:

Through the statewide marketing effort, ATIA strives to increase visitor expenditures by bringing more visitors to Alaska and encouraging these visitors to stay longer and spend more. By targeting a diverse mix of visitors, we are able to expand the range of businesses that benefit, provide a quality experience and bring income to all regions of the state.

As Alaska's tourism industry grows, residents will benefit both directly and indirectly through increased employment and quality of life improvements such as jet air service, local attractions, hotels, restaurants, etc. More importantly, as other industries face decline – such as commercial fishing, mining and timber – more residents are turning to Alaska's visitor industry for employment.

Measure:

Increase participation of businesses in the tourism marketing program.

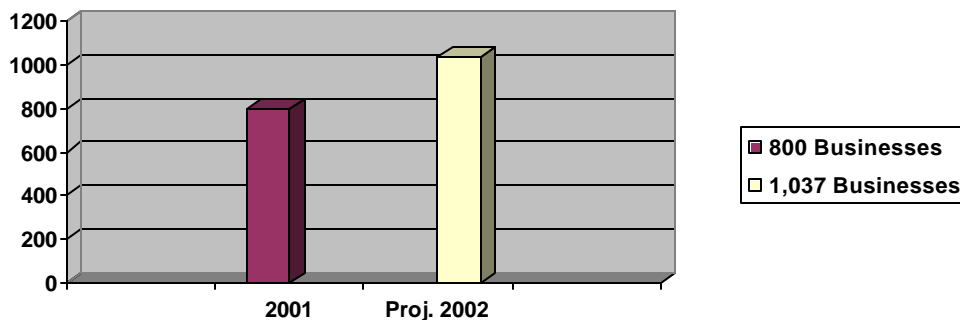
Alaska's Target & Progress:

Targets include:

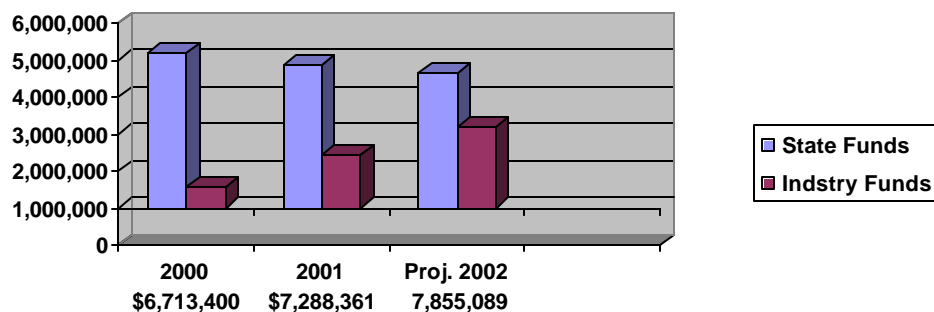
- Raise a minimum of 30% of the funding for marketing from the private sector: This target was met and exceeded by 17% for FY01 and will be exceeded by approximately 60% for FY02. In FY03, the required match requirement doubles. While the industry will continue to increase its share of funding, it will not be possible to reach \$6 million in FY03.
- Increase business participation in the state tourism marketing program: Participation has increased by 29 percent over the past two years.
- Increase the selection of marketing services to businesses: New programs include advertising on specialty websites catering to adventure/ecotourism, sportfishing and cultural travelers; online Travel Specials section on website to allow businesses to promote short-term special offers to consumers; and electronic newsletter sent directly to potential travelers.

The private sector was required to match state funds by 30% in FY01 and FY02. For both years, additional funds were raised outside of the contract and spent on marketing. In FY01 the required match was \$2,078,571 with an additional \$359,790 raised for a total of \$2,438,361; this amount increased to \$3,199,889 in FY02 with \$1,995,085 representing the required match and \$1,204,804 additional funding of marketing raised by the private sector. In 2000 the industry was restricted by program receipt authority in terms of how much could be contributed to the marketing program.

INDUSTRY PARTICIPATION IN MARKETING PROGRAM



INDUSTRY FUNDING OF TOURISM MARKETING EFFORTS

**Benchmark Comparisons:**

Public sector funds are the primary source (92%) of all tourism office funding and are the sole source in 35 states. Of the 15 states whose public sector funding is augmented by the private sector, including Alaska, 73% of total funds are provided by the public sector.

Forty-five states include industry advertising in the primary inquiry response brochure with some states now implementing online reservations.

Background and Strategies:

The tourism marketing program is developed by a broad-based group of more than 50 individuals representing businesses throughout the state. Specific focus is placed on year-round marketing and the needs of small businesses, which make up 92 percent of ATIA's membership. Some new programs added within the past two years include: representation in Australia, individual websites developed for adventure/ecotourism, sportfishing and cultural niches and the addition of national television advertising.

Outreach to businesses and organizations include regular delivery of an electronic newsletter sent to approximately 1,700 throughout the state. The annual meeting of industry has also seen continued growth: 571 delegates attended in 2000 and 660 attended in 2001. An industry website, www.alaskatia.org, also serves as a "clearinghouse" for important information on Alaska's visitor industry, national tourism industry and the state's marketing program.

ATIA also reaches out to civic and industry groups to increase awareness and participation in the statewide marketing program. Some of these groups include: Convention & Visitors Bureaus, Chambers of Commerce, member organizations such as the Statewide Association of Bed & Breakfasts, Museums Alaska and Community Economic Development Forums.

Measure:

Increase interest in Alaska as a visitor destination.

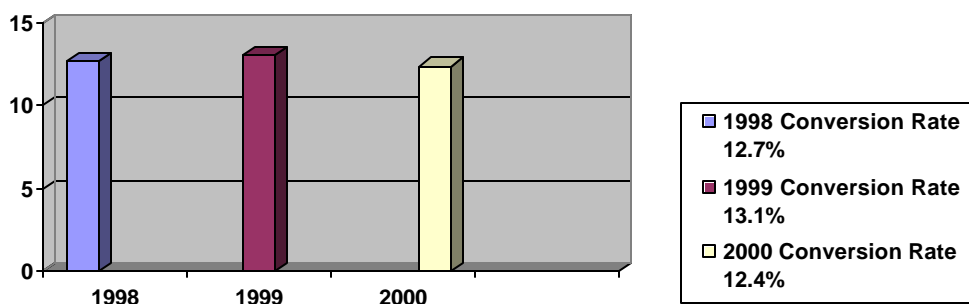
Alaska's Target & Progress:

Targets include:

- Establish a benchmark to track consumer interest in Alaska as a travel destination: The Images of Alaska 2000 research study tracks the behavior and attitudes of visitors to Alaska as well as non-visitors. This study establishes a benchmark to chart further growth and provides valuable information that can be used to refine Alaska's marketing messages and the vehicles used to deliver this message.
- Maintain the 12.4% rate at which interested parties convert to visitors: In FY02, the "visit Alaska" message was delivered to an estimated 72.8 million individuals, resulting in more than 612,000 individual consumers requesting Alaska trip-planning information. The conversion rate for the 2000 program year was 12.4%; meaning 12.4% of those requesting Alaska trip-planning information actually visited the state. Looking at the two-year conversion rate – those who indicate they will travel one year, but wait an additional year before actually traveling – the conversion rates increase to 19.4% for 1998 and 1999.

Individual media is being tracked for effectiveness. The annual Conversion Study is used to guide future marketing efforts and refine the effectiveness of the program as a whole. Comparisons may be made year-to-year, however, numbers vary based on different types of media used.

CONVERSION RATE



Benchmark Comparisons:

Not applicable.

Background and Strategies:

Images 2000 study was completed and we found that the size of the potential Alaska visitor market in the U.S. has grown by 4.3 million during the last four years. 34.8 million U.S. adults meet the profile of a typical Alaska visitor.

Other highlights of the study include:

- Repeat visitors tend to return to the state an average of 3.6 times and stay longer than first time visitors.
- Use of the Internet as a trip-planning tool increased substantially, growing from 5% in 1996 to 44% in 2000.
- Alaska ranked third in terms of the next destination visitors are most likely to travel to in the next five years.

ATIA implemented domestic marketing programs to increase interest in travel to Alaska, including magazine, direct mail, newspaper, public relations efforts and internet marketing. New in FY02 was the addition of national cable television advertising. ATIA also implemented international marketing efforts, primarily targeting Japan, German Speaking Europe, United Kingdom and Australia; secondary markets include Taiwan and Korea.

ATIA assisted more than 1,000 individual travel writers in developing and placing Alaska travel stories and maintained an online media center, allowing media to access Alaska travel information and photography continuously – anywhere and anytime around the world.

Alaska is a difficult destination to sell. Therefore, a concerted effort is being made to reach travel agents and tour operators by directly sending them Alaska trip-planning information and developing a comprehensive Alaska Destination Specialist training course in partnership with the Institute of Certified Travel Agents (ICTA).

The number of requests for trip-planning information generated in FY01 exceeded 615,000.

Measure:

Attract a diverse mix of visitors who travel to and within Alaska.

Alaska's Target & Progress:

Target is to:

- Endeavor to position Alaska as a year-round destination;
- Increase travel by all modes; and
- Increase travel to all areas of the state.

Target is being met by implementing programs that focus on the following niche markets: winter, highway/ferry, adventure/ecotourism, sportfishing, cultural and Bed & Breakfasts.

Highway/Marine Highway: Ad featuring highway travel ran in national publications and 43,000 direct mail packages were sent to highway lists resulting in 64,000 requests for trip-planning information.

Adventure/Ecotourism: 60,000 email messages containing an adventure/ecotourism message were sent to targeted opt-in email lists, and five ads were placed in national publications, resulting in 21,000 requests for trip-planning information.

Sportfishing: targeted email messages were sent to sportfishing enthusiasts resulting in 8,000 requests for Alaska trip-planning information.

Benchmark Comparisons:

Alaska is positioned to offer many of the activities that are popular with visitors on a national basis.

TOP NATIONAL ACTIVITIES FOR U.S. TRAVELERS

Shopping	33%
Outdoor	17%
Historical/Museums	14%
Beach	10%
Cultural Events/Festivals	10%
National/State Parks	10%

Background and Strategies:

Winter: Advertising and collateral materials include both winter and summer images in order to position Alaska as a year-round destination.

- A separate winter section is included in the Official State Vacation Planner and on the Official State Website.
- Travel writers were brought to Alaska and will be encouraged to write about their winter experiences.
- Winter vacations are being marketed to Japanese travelers.

Highway/Marine Highway: A cooperative effort with Yukon, BC and Alberta focuses on highway and ferry travel. A North! to Alaska travel magazine is distributed to roughly 400,000 potential visitors interested in driving to Alaska. The state also partners with Tourism Yukon through a separate agreement in order to run joint advertisements in national magazines aimed at the rubber tire trade.

Adventure/Ecotourism: Backcountry adventures are highlighted as a separate section in the Vacation Planner. The www.adventuresalaska.com website is prominently displayed to encourage those receiving the Planner to also check out the niche website which provides additional information and access to Alaska businesses specializing in adventure or ecotourism.

Sportfishing: Partnering with producers and writers to increase the amount of national exposure generated on fishing in Alaska. Several television programs will air this year on ESPN-2 that showcase fishing in Kodiak and Southwest Alaska. The www.sportfishinginalaska.com website is also prominently displayed in the Vacation Planner and promoted.

BRU/Component: Investments

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Greg Winegar, Director

Tel: (907) 465-2510 **Fax:** (907) 465-2690 **E-mail:** greg_winegar@dced.state.ak.us

Key Performance Measures for FY2003

Measure:

The number of new or retained jobs in the state per loan made from the Small Business Economic Development Revolving Loan Fund.

Sec 27(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

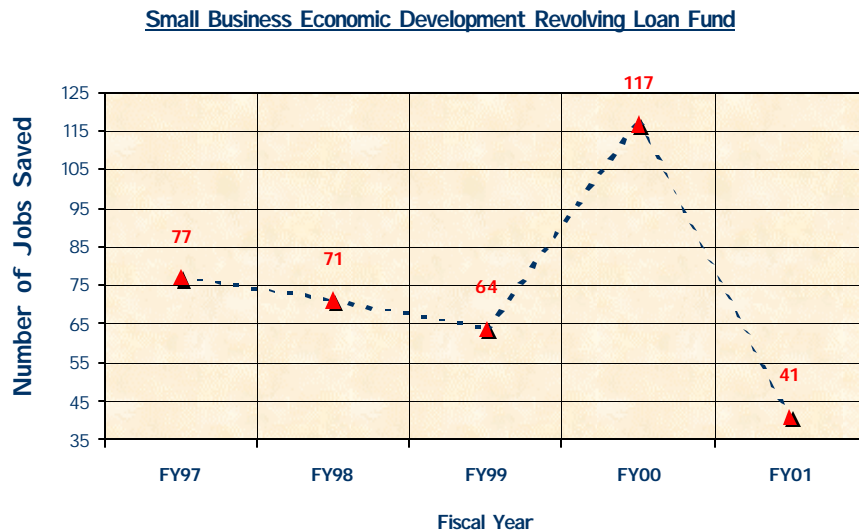
During fiscal year FY01, \$85,000 was loaned to Alaska small businesses. There were 41 new jobs created. Currently, the majority of grant funds have been utilized. The division will continue to make loans from repayments received on existing loans.

During FY00, \$507,522 was loaned to Alaska small businesses. 117 jobs were created and 8 were saved.

During FY99, \$589,900 was loaned to Alaska small businesses. 64 jobs were created and/or saved.

During FY98, \$919,300 was loaned to Alaska small businesses. 71 jobs were created and/or saved.

During FY97, \$250,000 was loaned to Alaska small businesses. 77 jobs were created and/or saved.



Benchmark Comparisons:

There are no current statistics available at this time.

Background and Strategies:

In many areas of the state, individuals wishing to start a small business have had virtually no chance of receiving financing without assistance from a program such as this. In June 1988 the Economic Development Administration (EDA) approved the Alaska Department of Commerce and Economic Development's original application to establish a Revolving Loan Fund (RLF). The funding approved for the original RLF totaled \$600,000 (\$350,000 from EDA and \$250,000 from the State of Alaska). In 1992 the fund was recapitalized with an additional EDA Grant, in the amount of \$450,000 and matching state funds in the amount of \$200,000. The RLF program has proven to be a very useful tool in the Department's overall rural small business and economic development program. In 1998 the department applied

for and was awarded a \$600,000 grant to recapitalize this program. The grant was awarded by the EDA and was matched with \$200,000 from the Alaska Industrial Development and Export Authority to provide a total of \$800,000 for new loans. Currently, the majority of grant funds received for this program have been utilized. The division anticipates requesting additional grants in the future and will continue to make loans from repayments received on existing loans. In the past fiscal year one loan was made, resulting in the creation of 41 jobs in an area of the State that experienced low per capita income or high unemployment. This division will continue to provide this financing by:

- Marketing this program through brochures, conferences, outreach visitation and the Alaska Business Development Center.
- Participating in the Economic Development Funding Forum, talking with other lenders regarding this program.
- Continuing to improve our presence on the Internet by making the loan program information available for viewing and downloading application forms.
- Utilizing the rural staff of the Division of Community and Business Development (CBD) to promote this program.

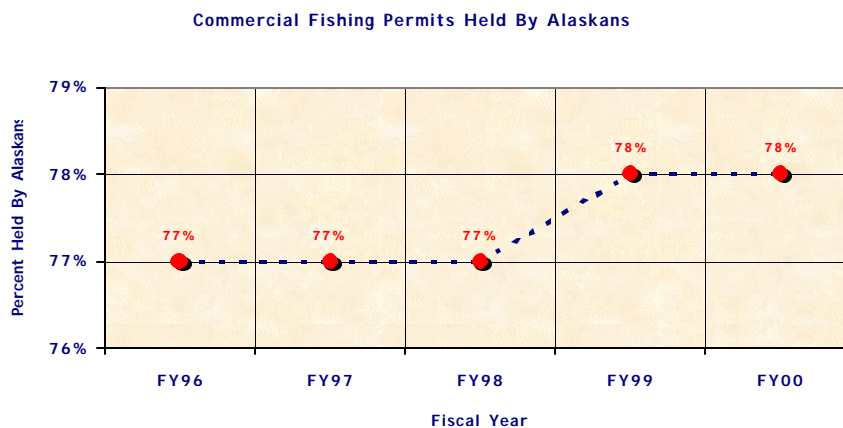
Measure:

Whether the division maintains the proportion of commercial fishing permits held by Alaskans at 75% or higher through the Commercial Fishing Revolving Loan Fund.

Sec 27(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY99 and FY00 (the most recent figures available), the proportion of permits held by Alaskans was 78%. From FY96 to FY98, the proportion of permits held by Alaskans was 77%.



Benchmark Comparisons:

Other than our twenty-five year loan history, there are no other programs similar to this loan program.

Background and Strategies:

The commercial fishing industry continues in flux as world markets adapt to the changing supply of fish from fish farms as well as the more traditional fishing fleets. The salmon markets have been significantly affected, and as a result, they have been extremely volatile for the past several years. It is important that Alaska maintains its place in the worldwide salmon market during these changing times to assure our place for the future. This loan program offers a relatively modest financing program for Alaska resident commercial fishing harvesters. The division's effort is to maintain the proportion of commercial fishing permits held by Alaskans at 75% or higher. To achieve this goal this division will:

- Work with Alaska resident fishermen requesting financing for the purchase of permits.
- Work with Alaska resident fishermen requesting financing for gear, vessel upgrades and/or improvements.

- Travel to fishing communities all over the state to assist them in their planning for financing their on-going fishing businesses.
- Travel to fishing communities all over the state to assist them in solving tax related problems.
- Continue to work with the Alaska Business Development Center, assisting fishermen through our Fisheries Business Assistance Contract.

Measure:

Whether the division provides hatchery-reared salmon to Alaska commercial fisheries at a harvest value of \$40,000,000 or more per year through the Fisheries Enhancement Revolving Loan Fund.

Sec 27(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

During calendar year 2000 (the most current information available), the harvest value of the hatchery-reared salmon was \$57M, an increase of over ten million for the calendar year 1999 harvest value. Preliminary Alaska Department of Fish & Game figures for the 2001 season put the number somewhere around \$32M, a substantial decrease from prior years due to the decreasing price of salmon.

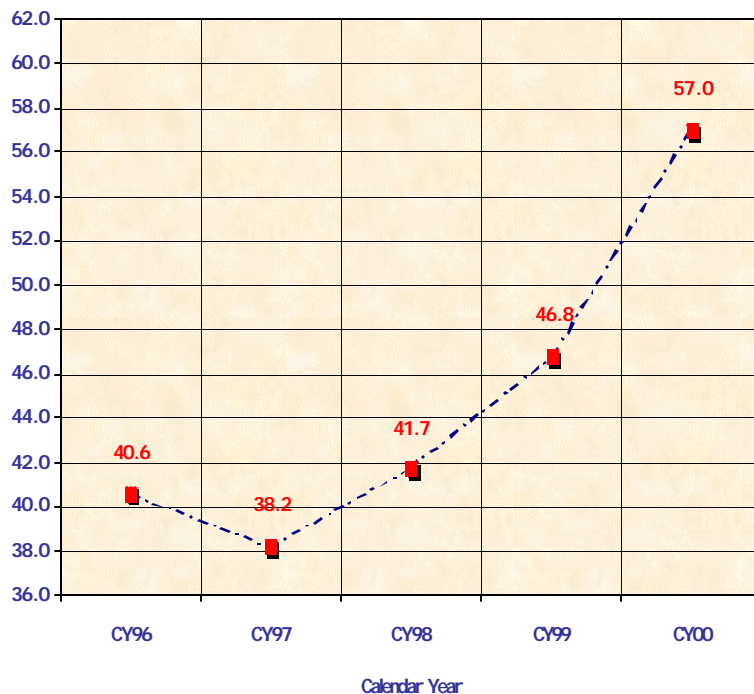
During CY99, the harvest value of the hatchery-reared salmon was \$46.8M.

During CY98, the harvest value of the hatchery-reared salmon was \$41.7M.

During CY97, the harvest value of the hatchery-reared salmon was \$38.2M.

During CY96, the harvest value of the hatchery-reared salmon was \$40.6M.

Fisheries Enhancement Statistics
(In Millions)

**Benchmark Comparisons:**

There is no comparable program.

Background and Strategies:

In 1976, the Alaska Legislature responded to the need for increased production of salmon by creating the Fisheries Enhancement Revolving Loan Fund (FERLF). The purpose of this program was to promote enhancement of the State's fisheries. This division will continue to promote this enhancement by:

- Granting long-term, low interest loans for hatchery planning, construction and operation.
- Providing grants to Regional Corporations for organization and planning purposes.
- Work with hatcheries to insure that adequate funds are available for their continued operation.

Alaska Aerospace Development Corporation Budget Request Unit

Contact: Pat Ladner, Executive Director

Tel: (907) 561-3338 **Fax:** (907) 561-3339 **E-mail:** pat.ladner@akaerospace.com

Key Performance Measures for FY2003

Measure:

The excess earnings (or dividend) per launch.
Sec 28(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

FY01 was the first fully operational year for the Kodiak Launch Complex (KLC). There were two successful launches. Three launches are contracted for and scheduled for FY02. AADC projects a minimum of two launches for FY03. Should three launches be accomplished, AADC projects average earnings of \$100,000 per launch. The earnings are budgeted as capital replacement reserves for maintaining the KLC in operational status.

Benchmark Comparisons:

Not applicable. The KLC is the first facility of its kind - the only complete launch complex owned and operated by a state.

Background and Strategies:

Earnings per launch are a management and project control outcome. AADC intends to put an independent finance and accounting system in place to facilitate our business practices.

Measure:

The new permanent jobs created.
Sec 28(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY02, AADC employed 7 personnel directly on a full time basis. AADC also contracts for technical services and labor. This consists of 2 full time technical positions and 5 temporary. AADC also contracts for part time technical and labor positions. This consists of two part time technical positions and approximately six part time positions. For FY03, AADC projects a total of full time permanent positions of 14 and part time positions of eight.

Benchmark Comparisons:

There is no data available for comparison from other states.

Background and Strategies:

As AADC continues to grow, the opportunity to hire the temporary positions is a constant focus point. With growth comes job security and permanent positions for Alaskan's.

There are private sector jobs that benefit from the KLC operation. The money that is generated from KLC expenditures benefit Kodiak directly. AADC has utilized services from ENRI in regards to environmental monitoring and weather monitoring. Additional companies that benefit from the operation of KLC are Doyon, Purcell, D & E Services, Kodiak Transfer Inc., and Rise.

Measure:

The number of launches per year.
Sec 28(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

FY01 was the first fully operational year for the Kodiak Launch Complex (KLC). There were two successful launches. Three launches are contracted for and scheduled for FY02.

AADC's goal for FY03 is to support three launch campaigns.

Benchmark Comparisons:

Not applicable.

AADC will continue its marketing with a focus on defense related launches. The commercial market is flat at this time.

Measure:

The new space related projects brought to the state.
Sec 28(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

AADC intends to provide support to the US Department of Defense, Ballistic Missile Defense Organization (BMDO) infrastructure development at the KLC.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Ballistic Missile Defense Organization is contemplating the use of KLC for testing. AADC will endeavor to support this examination with the goal of securing an on going program.

Measure:

The economic impact of launch activities expressed in dollars per launch.
Sec 28(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Previous Institute for Social and Economic Research (ISER) revealed an economic impact of approximately \$900,000 per launch. Additional studies will be conducted only if funding is available.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

AADC has used the ISER to research the impact. The information proved very useful. However, funding for additional research is not currently in the AADC budget.

Alaska Industrial Development and Export Authority Budget Request Unit

Contact: Robert G. Poe, Jr., Executive Director

Tel: (907) 269-3000 **Fax:** (907) 269-3044 **E-mail:** bpoe@aidea.org

Key Performance Measures for FY2003

Measure:

The number of permanent jobs created.
Sec 29(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY 2001 AIDEA funded loan participations totaling approximately \$9.9 million, creating approximately 185 construction jobs and 163 new jobs, and guaranteed one loan for \$150,000, creating 6 new jobs. In FY2002 AIDEA will purchase between \$50 and \$65 million in loan participations. This is expected to be a record amount and not a figure that is sustainable. In FY 2003, AIDEA will purchase approximately \$30.0 million in loan participations with financial institutions; and guarantee \$2.0 million in small business loans. The number of jobs created is one of the factors in AIDEA's determination to participate in a loan financing; however, AIDEA has not traditionally projected the number of jobs to be created by its financing participations. After a loan is approved AIDEA is able to track that information. On average, over 285 permanent jobs are created annually by AIDEA's loan participations and guarantees.

	Jobs Created/Retained	
	Construction	Permanent
1992	77	34
1993	191	568
1994	334	349
1995	268	215
1996	298	128
1997	504	176
1998	600	500
1999	381	442
2000	506	275
2001	185	169

The number of "permanent jobs created" dropped from FY00 to FY01 primarily due to a drop in loans funded, from \$30.9 million in FY00 to \$9.9 million in FY01. The drop in fundings is in part due to large new construction projects that AIDEA committed to but were not completed within the fiscal year. There is often a lag time between approved loans and funded loans, possibly 60 days to a year. FY02 will reflect the statistics for completed projects that AIDEA committed to in FY01.

Benchmark Comparisons:

No other state similar in population has a public development corporation identical to AIDEA.

Background and Strategies:

AIDEA provides the financing mechanisms necessary to participate in long-term commercial loans, guarantee small business loans, including export transactions, to own projects that promote economic development and to provide conduit financing of projects owned by others that promote economic development.

AIDEA will continue to work with the private sector to develop infrastructure projects that AIDEA can own and lease to the private sector, complimenting private sector investment. AIDEA will also continue to work with the private sector to provide conduit revenue bond financings of projects owned by private sector investments that promote economic development.

Measure:

The loan delinquency rate.

Sec 29(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In August 2001, AIDEA's delinquency rate on loan participations dropped to 1.07 percent. This is a lower delinquency rate than Alaskan banks average for their total loan portfolio. This is down from a 1.73 percent delinquency rate for July 2001. Delinquency rates cannot be directly controlled by AIDEA. Delinquency rates are more a result of the economy. However, through prudent business practices, AIDEA can make knowledgeable decisions on participating in loans that will help diversify Alaska's economy and create jobs for Alaskan.

Historical Delinquency (Total Portfolio)

Fiscal Year End	Portfolio Balance \$	Delinquent Loans \$	Delinquent Loans %
6/30/86	372,833,597	36,975,029	9.92%
6/30/87	329,070,910	85,017,004	25.84%
6/30/88	282,280,437	75,172,882	26.63%
6/30/89	269,187,088	71,877,069	26.70%
6/30/90	237,442,336	31,283,646	13.18%
6/30/91	215,871,257	20,608,511	9.55%
6/30/92	208,496,198	25,292,336	12.13%
6/30/93	216,898,077	10,102,823	4.66%
6/30/94	216,343,028	17,422,823	8.05%
6/30/95	238,177,839	15,968,625	6.70%
6/30/96	232,004,260	15,120,064	6.52%
6/30/97	242,941,647	14,249,212	5.87%
6/30/98	233,819,970	3,491,526	1.49%
6/30/99	222,395,176	5,878,085	2.64%
6/30/00	227,615,585	5,698,987	2.50%
6/30/01	208,094,608	3,249,730	1.56%

Benchmark Comparisons:

No other state similar in population has a public development corporation identical to AIDEA.

Background and Strategies:

AIDEA will continue to carefully review all loan participation requests from banks to help insure that each business receiving the loan can produce adequate revenues to repay the loan and that AIDEA's loan portfolio remains strong.

AIDEA will monitor its loan portfolio monthly and work with originating banks and businesses to help insure their loans are current.

AIDEA will insure its loan portfolio is diverse regionally and by industry sector.

Measure:

The amount and percentage of earnings of the authority available to the state as a dividend.

Sec 29(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Since the Dividend Program became law in 1996, AIDEA has provided \$109 million to the General Fund in the form of a dividend, including the FY02 dividend of \$17.5 million. AS 44.88.088 requires that the amount of the dividend for a fiscal year may not be less than 25% nor more than 50% of the net income of the authority for the base fiscal year

Base Fiscal Year June 30	Net Income	Payable In FY	Dividend	Net Income %
1995	37,461,096	1997	15,000,000	40.042%
1996	42,902,054	1998	16,000,000	37.294%
1997	42,880,361	1999	16,000,000	37.313%
1998	52,373,699	2000	26,000,000	49.643%
1999	37,092,829	2001	18,500,000	49.875%
2000	35,597,000	2002	17,500,000	49.161%
Cumulative	<u>248,307,039</u>		<u>109,000,000</u>	<u>43.897%</u>

Benchmark Comparisons:

AIDEA's Dividend Program is unique.

Background and Strategies:

Through prudent business practices and a guiding investment policy, AIDEA will continue to produce net income, thereby allowing AIDEA to provide a dividend to the General Fund to fund other important programs.

AIDEA recommends that this measure be amended to reflect the statutory requirements for the dividend payment.

Alaska Energy Authority Budget Request Unit

Contact: Robert G. Poe, Jr., Executive Director

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Key Performance Measures for FY2003

Measure:

The change in the number of unscheduled outages of hydroelectric projects owned by the Authority.
Sec 30(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

AEA works closely in an administrative role with the operating utilities to minimize the number of unscheduled outages at the hydroelectric projects owned by the Authority and to insure the projects are operated effectively and efficiently through regular maintenance and budget oversight. The utilities are tasked with providing the necessary service to get the projects back on line when there is an unscheduled outage and provide backup generation when outages occur.

AEA's primary role is to efficiently oversee the operations and maintenance of approximately \$1 billion in electrical generation and transmission facilities in Alaska. AEA is the owner of the facilities with oversight of the project budgets. The utilities operate and maintain the facilities. Prior to 1993, AEA had a staff of seventeen to monitor the operations of the projects, providing detailed reports on operations, including unscheduled outages. AIDEA currently provides one staff position to provide oversight of the project operations and maintenance.

Due to lack of resources, detailed reporting, including the tracking of power outages has been discontinued by AEA.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Continue to work with operating utilities to provide the local control of AEA projects for operation and maintenance services.

Measure:

The number of four dam pool project repairs and upgrades completed on time and within budget (this measurement will be used until the transfer of ownership of the four dam pool projects has been completed).
Sec 30(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

AEA initiates regular maintenance and repair to the four dam pool projects and provides administrative and budget oversight to insure the projects are completed on time and within budget. All scheduled repairs have been completed with the exception of continuing repairs to the Terror Lake tunnel.

As the owner of the four dam pool projects, it is AEA's responsibility to insure the assets are protected and the integrity of the projects is maintained.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

AEA initiates repairs and upgrades as necessary to maintain the AEA-owned projects built over a decade ago. In FY 2002, AEA will work with the operating utilities to complete the following:

- Complete the Terror Lake tunnel.
- Complete the sale of the four dam pool projects to the operating utilities and/or communities.

Measure:

The change in the amount of revenue created by projects owned by the Authority.
Sec 30(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY 2001 the AEA-owned projects generated approximately \$25,257,000 in revenues from operating plants and \$2,988,000 of investment and other income. Expenses, including depreciation, in excess of revenues offset the income.

The projects owned by AEA were built as infrastructure projects to provide lower-cost energy to Alaskans and were not intended to generate excess revenue. AEA works to maximize the revenues at the projects to cover operating expenses.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

AEA administers the outstanding long-term debt of the AEA-owned projects, which is in excess of \$300 million, and administers special trust funds relating to the facilities. To the extent feasible, AEA contracts the direct operating, maintenance and repair responsibilities of the AEA-owned facilities to the operating utilities and works with the operating utilities to lower operating costs and improve efficiencies at the facilities owned by AEA.

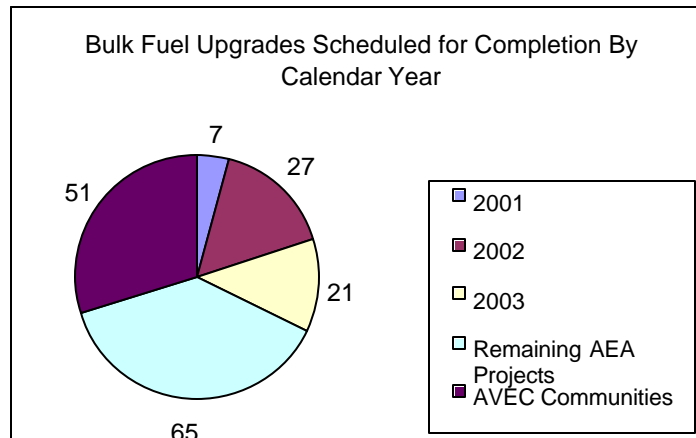
Since AEA's goal is not to generate excess revenue from the operation of the projects, this is not an appropriate measure for the operation of AEA owned facilities.

Measure:

The number of bulk fuel storage upgrade projects on rural energy group priority lists compared to the number completed.
Sec 31(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There are 171 communities listed on the bulk fuel deficiency list. The following chart shows the progress made towards addressing the bulk fuel storage needs in rural Alaska. In FY2001, the Denali Commission provided a financial assistance award to AVEC to address the deficiencies in the communities that they provide service. AVEC has completed one community project. AVEC's progress to address the remaining communities is not tracked by AEA.

**Benchmark Comparisons:**

Not applicable.

Background and Strategies:

AEA's bulk fuel storage data base and priority list includes information on approximately 1100 tank farms in 171 rural communities. Most of these tank farms have serious deficiencies. The U.S. Coast Guard and the Environmental Protection Agency are continuing to issue citations to owners of many substandard facilities in rural Alaska but have thus far refrained from ordering them closed as long as effective measures are under way to bring them into regulatory compliance.

Consolidation of all tanks into one location is the primary strategy to address the bulk fuel needs of a community. A typical rural village may presently have separate tank farms owned and operated by the city government, the tribal government, the village corporation, the local school, the electric utility, and other public or private entities. Relying primarily on federal funds, the State has conducted a program over the last several years to replace these tank farms with new or refurbished facilities that meet all applicable safety and environmental codes. Consolidation reduces the cost of construction and helps to avoid the inconsistent maintenance and operations practices that can result from multiple projects operated by multiple owners.

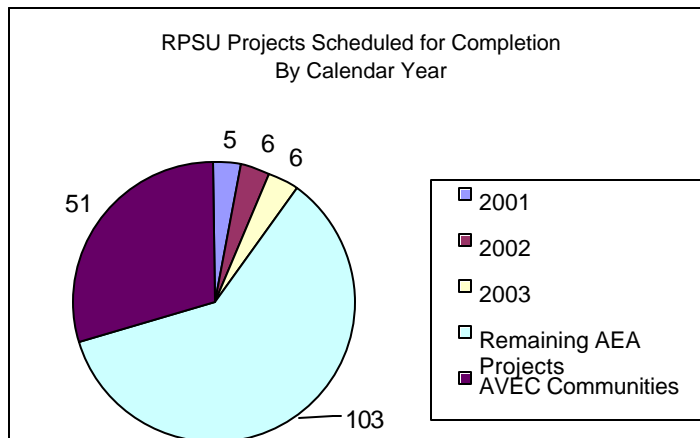
There are some communities that are not in need of community-wide consolidations. In FY2002, AEA has reviewed the deficiency list and has determined that there are several communities in which "small scale retrofits" with costs less than \$500,000 are appropriate. Currently, 6 communities have been identified in this category, and funding is being requested from the Denali Commission to address these smaller scale projects.

Measure:

The number of electric utility upgrade projects on rural energy group priority lists compared to the number completed.
Sec 31(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The following chart illustrates AEA's progress and schedule to complete RPSU projects. In FY2001, the Denali Commission provided a financial assistance award to AVEC to address the deficiencies in the communities that they provide service. AVEC's progress to address the remaining communities is not tracked by AEA.



Benchmark Comparisons:

Not applicable.

Background and Strategies:

AEA has a database that includes approximately 170 rural electric utility systems, ranks them in the order of their physical condition. In rural Alaska, 192 communities are served by 95 independent electric utilities. For most of these utilities, the power plant and distribution system do not meet accepted utility standards for safety, reliability, and environmental protection.

Electric utility systems are part of the basic infrastructure of rural communities and are fundamental to the operation of other community facilities, the maintenance of present living standards, and to the prospects for economic development. Due to high costs and limited economies of scale, most local communities cannot make the capital investments needed to meet accepted utility standards for safety, reliability, and operating efficiency.

As funds are available, the State contributes to these capital investments through the Rural Power System Upgrade (RPSU) program. Depending on the condition of existing facilities, these investments can include new generators, new controls, upgrades and modifications to distribution lines, or entirely new power plants and distribution systems.

Measure:

The change in the average power cost for households receiving power cost equalization compared to average statewide costs.

Sec 31(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

	Average Rates for Anchorage, Fairbanks, and Juneau	Average Rate for PCE Residential Customers	Average PCE Level at June 30	Average Effective Rate at June 30*
1999	9.9	38.09	14.51**	23.58
2000	9.9	39.21	20.01	19.20
2001	9.9	39.91	15.98**	23.93

*= Average PCE rate less Average PCE Level

** the PCE level in effect on June 30, 1999 was at a reduced level of 73.5%; on June 30, 2001 the level was 74%.

Based on the rates in effect on June 30, 2001:

The statewide weighted average rate was 12.81 cents/kWh

After applying PCE adjustments the weighted average rate was 11.77 cents/kWh

Benchmark Comparisons:

Average rate for residential customers in Anchorage, Fairbanks, and Juneau in 2000: 9.9 cents per kilowatt-hour.

Background and Strategies:

Legislation enacted in 2000 includes the following statement of findings by the Legislature:

1. Adequate and reliable electric service at affordable rates is a necessary ingredient of a modern society and a prosperous developing economy.
2. At the current stage of social and economic development in the state, direct participation by the state is necessary to assist in keeping rates in high-cost service areas to affordable levels.
3. Providing a long-term, stable financing source for power cost equalization will permit and encourage the electric utility industry and its lenders to develop plans, make investments, and take other actions that are necessary or prudent to provide adequate and reliable electric service at affordable rates and to meet the health and safety needs of residents of the state.

There are many factors that affect the cost of power in rural Alaska. For example fuel costs: most rural utilities do not have long-term power sales agreements as compared to the urban utilities. AEA does not have control over such factors.

Measure:

The reduction of power cost in dollars and the percentage of increased reliability and technological advances.

Sec 31(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

This measure was added by the Legislature in FY02. AEA has not determined whether this is a measure that can be tracked on a sustained basis. AEA is taking the initial steps described below to access this measure.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Powerhouse upgrades include the installation of new generators that burn fuel more efficiently. Unfortunately, the generators do not come with energy output/fuel ratings. The small independent utilities that are provided the new generators do not have systems in place to track the reduction of power costs when using new generators. The method to measure the efficiency of the new generators would be to track kWh output compared to the fuel purchased. AEA does not have a system in place to measure this information currently. However, AEA is in the process of upgrading the PCE database which will include a method to track the power cost in dollars compared to the advanced generators used in the power house upgrades.

BRU/Component: Alaska Science and Technology Foundation

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Jamie Kenworthy, Executive Director

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Key Performance Measures for FY2003**Measure:**

The number of new jobs from technology projects.

Sec 32(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In September 2001, ASTF surveyed 47 technology project grantees and received responses from 46 grantees. The surveys were sent to grantees that had completed their grant work within the last five years as well as active grantees that are farther along with their project or product development.

Thirty grantees reported a total of 211 full time equivalent jobs resulting from their ASTF project.

Target: an average of five jobs per grantee for those grantees reporting jobs and at least 50% of technology project grantees reporting jobs. This ratio reflects that grantees have both technical and business hurdles to achieve. ASTF co-invests in early stage business concepts prior to the concept becoming 'bankable'.

Benchmark Comparisons:

Annually, ASTF prepares an Alaska science and technology innovation index which can be downloaded from ASTF's website at:

<http://www.astf.org/admin/files/data/docs/TechIndex2001.pdf>.

This index includes historical trends and comparisons with selected other states and the U.S. average. The index represents a snapshot in understanding areas where Alaska is either doing well, average, or poorly in terms of its economy and science and technology innovation and potential.

Background and Strategies:

ASTF co-invests in new and existing firms that use science or technological innovation to grow their business and achieve Alaska economic benefit. To achieve new job/revenue creation, ASTF co-invests in firms that have strong business plans, management capability, and plans for post-ASTF grant funding if required.

Measure:

Project diversity.

Sec 32(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY01, ASTF provided funding to 134 grantees in thirteen categories. 63 of these grantees were direct grant to teachers.

Target: funding in at least seven categories.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

ASTF accepts and considers all proposals for projects that conform to its stated standards. ASTF reserves the right to fund proposals in any area of inquiry. ASTF has five types of grants available: technology projects, knowledge projects, group projects, small business innovation research bridging grants, and direct grants to teachers. For convenience, ASTF reports its funded projects in the following fourteen categories: agriculture, energy, engineering,

environment, forestry and wood products, fisheries and aquaculture, public health and safety, infrastructure for economic development, internet, K-12 teachers, mining, other, science and engineering infrastructure, and software development. In FY01, the only category not receiving funds was other.

Measure:

The new revenue from technology projects.
Sec 32(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Twenty-eight grantees reported \$21.2 million in new revenue resulting from their ASTF project.

Target: an average of \$250,000 per grantee for those grantees reporting revenues and at least 40% of the technology project grantees reporting jobs. This percentage (40%) is less than the suggested 50% percentage of grantees reporting jobs because developments jobs are required prior to the onset of sales.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

ASTF co-invests in new and existing firms that use science or technological innovation to grow their business and achieve Alaska economic benefit. To achieve new job/revenue creation, ASTF co-invests in firms that have strong business plans, management capability, and plans for post-ASTF grant funding if required.

Measure:

The percentage of technology project grantees in business because of ASTF grants.
Sec 32(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

67% (31 out of 46) reported being in business because of their ASTF grant.

Target: 50% in business because of their ASTF grant.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

ASTF co-invests in new business concepts in a portfolio of both new and existing firms. Most Alaskan firms cannot afford R&D projects or risk. New firms offer exciting growth possibilities. Existing firms seeking to add a new business line offer business experience and infrastructure, managerial and financial depth, and support services.

Measure:

The change in student achievement in math and science in schools that received ASTF teacher grants.
Sec 32(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

ASTF surveyed 29 FY00 teacher grantees and received responses from 20, a 69% response rate. An average of 205 students participated in each teacher grant. Approximately 43% of participating students were located in rural schools.

35% greatly increased, 46% increased, 19% no change, 0% decreased, 0% greatly decreased. A total of 81% either increased or greatly increased their achievement due to the ASTF teacher grant.

Target: at least 80% increased or greatly increased.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

ASTF develops Alaska's capacity for science and engineering by funding competitive science, math and technology classroom projects for Alaska K-12 students. These projects have been highly successful in developing students' interest and achievement in math, science and technology. Due to ASTF's current fiscal restraints, a downsized K-12 program of twenty regular teacher grants and four specialized grants targeting critically understaffed career fields is planned for FY02.

Measure:

The increase in student interest in math and science in schools that received ASTF teacher grants.
Sec 32(b)(6) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

38% greatly increased, 47% increased, 15% no change, 0% decreased, and 0% greatly decreased. A total of 85% either increased or greatly increased their interest due to an ASTF teacher grant.

Target: at least 80% increased or greatly increased.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

ASTF develops Alaska's capacity for science and engineering by funding competitive science, math and technology classroom projects for Alaska K-12 students. These projects have been highly successful in developing students' interest and achievement in math, science and technology. Due to ASTF's current fiscal restraints, a downsized K-12 program of twenty regular teacher grants and four specialized grants targeting critically understaffed career fields is planned for FY02.

BRU/Component: Alaska Seafood Marketing Institute

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Barbara J. Belknap, Executive Director

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Key Performance Measures for FY2003

Measure:

The increase in the development of new markets.
Sec 33(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Increase the presence of Alaska Seafood in the Takeout Market. FY01 was ASMI's second year of a program to position Alaska seafood in the US takeout market (ready-to-eat or ready-to-heat meals), now dominated by beef and chicken. ASMI promotions with salmon, halibut, cod and King Crab legs at the Byerly's/Lund's supermarket chain of 19 stores resulted in a 21.7% increase in sales over the previous year, with the deli and bakery up 4.3%. A month-long promotion at Mallard's and O'Brien's supermarkets with halibut, crab cakes, snow crab, shrimp and salmon resulted in a 20% increase in sales over the same period the year before.

Market Alaska Seafood to Children. A "Kids Program" was initiated in the United States with family restaurants complete with placemats for kids to draw on and washable tattoos of Alaska animals and fish

- Book covers for school kids were developed with Alaska-related pictures and trivia that the kids can color
- Alaska Salmon Lifecycle curriculum was written by two retired Juneau teachers and put on ASMI's webpage (www.alaskaseafood.org)
- Alaska Sockeye was featured on the Cartoon Network in Japan
- Parent Teacher Association cooking contests for moms were held in Japan
- School Canteen (cafeteria) promotions were held in Australia
- Canned Salmon for Lunch contests were held for school children in the United Kingdom

Develop the Alaska Seafood Market in China. After three years of developing this market, China's entry into the WTO will dramatically change the picture for imports from overseas. Norwegian and Chilean farmed salmon is well-established. ASMI will continue to build preference and usage for Alaska Salmon.

Imports to China in FY01 increased 10% over FY00. ASMI promotions moved 26% more product than FY01 even with the downturn in Alaska Crab production.

Benchmark Comparisons:

ASMI is the nation's largest seafood organization representing a single state. It is the only one of any size that markets more than one species of seafood. Other comparable organizations would be the Norwegian Seafood Export Council, which markets all species of seafood from Norway for a budget of approximately \$42,000,000 per year. Their return on marketing investment is not public information. Chile is also often compared to Alaska (although their production is twice as high and growing). They belong to the International Salmon Farmers Association, which does not have a viable marketing program at this time in our markets. Their salmon products are sold primarily on price.

Background and Strategies:

Increase the presence of Alaska Seafood in the Takeout Market. Takeout is one of the fastest growing segments of the food market. The use of seafood is limited. ASMI will build on the success of the Byerly's program and take on other upscale grocery store chains with similar promotions that utilize Alaska seafood in different sections of the store.

Market Alaska Seafood to Children. This program is entering its third year. The goal is to start children on seafood at a young age and encourage parents to purchase Alaska seafood for both meals at home and in restaurants. The strategy focuses primarily on foodservice, but will now include specific easy-to-fix kid-friendly recipe programs targeting young families shopping at retail.

Develop the Alaska Seafood Market in China. China is the best example of a developing market. While most imported Alaska Salmon and groundfish is re-exported in value-added form (i.e., pinbone out fillets), more is staying in the country for local consumption. ASMI has been preparing the ground for the impact that entry into the World Trade Organization will have on Alaska Seafood imports. Alaska Crab is a major import into China and the downturn in quota has impacted overall export figures from Alaska. However, more Alaska Salmon (primarily Keta) is staying in the country and appearing in restaurants and in grocery stores. ASMI has been planting the seeds for expansion in this market and will work on three primary areas: getting Alaska processors to sell product into the market rather than just for reprocessing; target the luxury hotels and restaurants for high-end products; target retail for the more moderately priced pinks and chums.

Measure:

The change in pounds of value-added seafood sold.

Sec 33(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Approximately 65% of the seafood sold at foodservice is in value-added form. This trend is growing at 7-10% per year. The figures below were taken from *Ken Talley's Seafood Newsletter* and reflect the calendar year 2000 in the United States market.

- Salmon:
 - Steak production was up 24%.
 - Salmon fillet production was down 18%.
 - Headed and gutted salmon made up approximately 30% of the salmon products.
 - Canned salmon: Production of canned pink salmon was down 40%; canned sockeye production was up 6%.
- Pollock: Fillet production was up 11% in 2000. Value-added pollock is surimi, fillets, minced blocks. (In 1999, 292,000 metric tons went into fillets, 317,900 metric tons went into surimi, and 9,100,000 metric tons went into minced pollock.)
- Cod: Fillet production dropped 8%. (Cod is sent in Headed and Gutted (H&G) form to Europe and Asia where it is reprocessed into fillets and salted cod. The North American market is primarily fillet form.)
- Halibut: Steak production was up 14%.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

ASMI can only report on the numbers that are available through the seafood trade publications and the Commercial Operators Annual Reports for salmon. The above figures reflect all salmon in the United States, including farmed. Canned salmon, Pollock, and cod are primarily Alaska product. Halibut can be sourced from Alaska, Canada and the Pacific Northwest. Over the past 5-6 years, Alaska seafood has been exported to China and Thailand where value is added and the products are shipped worldwide.

Measure:

The change in pounds of seafood sold.

Sec 33(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

FY00: 40,950,000 lbs. sold through ASMI promotions
1.6 million cases of canned salmon in the US

FY01: 37,910,190 lbs.* sold through ASMI promotions
1.4 million cases of canned salmon in the US

*Shellfish production in 2000 dropped 74%. Salmon harvests were down 37%.

Note: the error margin is approximately 10% under actual sales; numbers of pounds moved is considered proprietary by some promotion partners and not always available to ASMI.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

ASMI works on a “push” marketing strategy – getting the primary buyers to purchase Alaska seafood. The purpose is to move pounds and provide the Alaska seafood industry with a return on their marketing investment. ASMI is rededicating itself to this principle by focusing on the top performers at retail and, with reduced budgets, prioritizing our partners by how much volume they can sell. The Salmon Market Initiative funded by the EDA will provide the “pull” strategy – getting consumers into the stores and restaurants to ask for Alaska salmon and other Alaska seafood products.

BRU/Component: Banking, Securities and Corporations

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Franklin T. Elder, Division Director

Tel: (907) 465-2521 **Fax:** (907) 465-2549 **E-mail:** Terry_Elder@dcad.state.ak.us

Key Performance Measures for FY2003**Measure:**

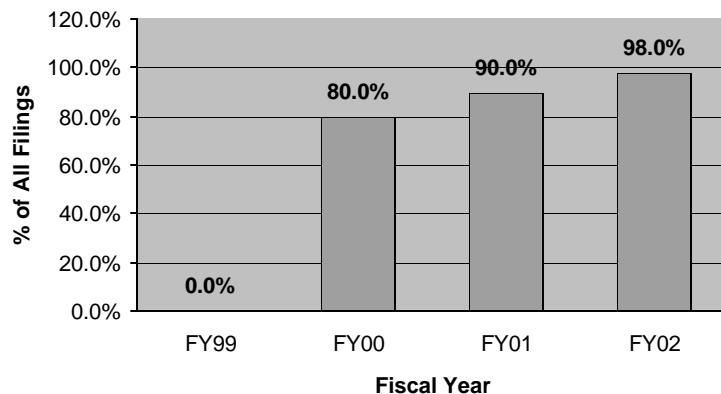
The number of members of the public who use forms provided by the division over the Internet for filing complaints and requests for exemptions as a percentage of all filings.

Sec 34(b)(1) Ch 90 SLA 2001(CSHB 250(FIN))

Alaska's Target & Progress:

Beginning in FY99, the division created web-based forms for complaints and exemption filings to make it easier for the public to make these filings with the division and to standardize the information the division collects. The division's target for this measure is 98.5%. It will never be 100%, since some people do not have computers. Through September 30, 2001, the FY02 achievement was 98%, up from 90% in FY01.

Percent of Complaints & Exemption Filings Using Web-based Forms (As of September 30, 2001)

**Benchmark Comparisons:**

Not applicable. There are no known benchmarks for this activity.

Background and Strategies:

The division developed Internet-based forms to standardize filings and make it easier for Alaskans who want to file a complaint or an application for exemption from registration.

The strategy: to provide as much information and forms via the Internet as possible in order to improve the ease and accessibility for the public, and to make their availability known through Internet advertising, public meetings, and personal contacts.

Measure:

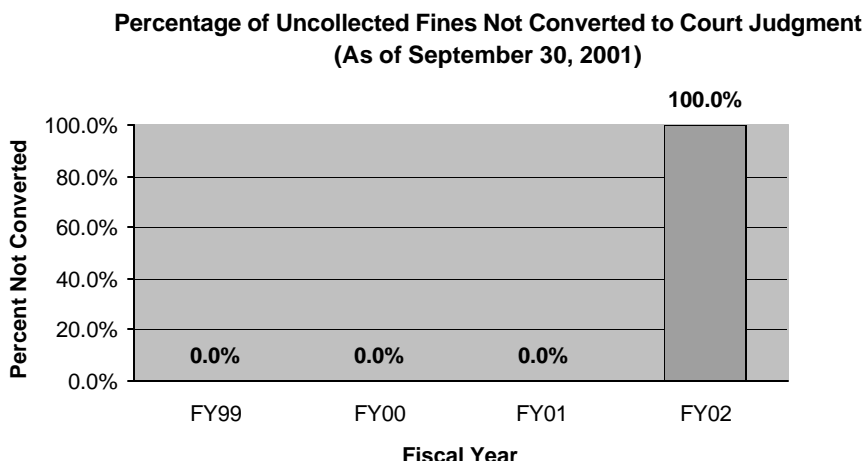
The percentage of uncollected fines that have not been converted to court judgment.

Sec 34(b)(2) Ch 90 SLA 2001(CSHB 250 (FIN))

Alaska's Target & Progress:

Beginning in FY99 following a statutory change allowing for converting uncollected fines, the division initiated the practice of converting uncollected fines to court judgment to make it easier for the division to pursue securities violators who refuse to pay their fine, even when they reside outside of Alaska. The division's target for this measure is 0%. Through September 30, 2001, the FY02 percentage was 100%, up from 0% in FY01. However, the division

expects to convert any of these FY02 fines to court judgment during this fiscal year, thus reducing the percentage back to zero.



Benchmark Comparisons:

There are no benchmarks for this activity, but the goal is either to collect or to convert to court judgment all levied fines, unless they are suspended for good cause.

Background and Strategies:

Sometimes respondents refuse to pay fines. In order to improve the division's ability to take collection actions against them through the courts of any state, the division may petition to have an administrative fine converted to a court judgment (called "reducing an administrative fine to judgment"). The U.S. Constitution provides that a court judgment from one state is given full faith and credit in all states, so the fines should then be collectible wherever the violators and their property are found. This authority was obtained through amendments to the Alaska Securities Act, effective October 1, 1999.

Strategy: With the change in the law, the division files the appropriate applications to Superior Court to convert uncollected fines to judgment. Once that is achieved, the division attempts to enforce the court's judgment and collect the fine. This is a relatively new process, and the first such application was filed in December 1999.

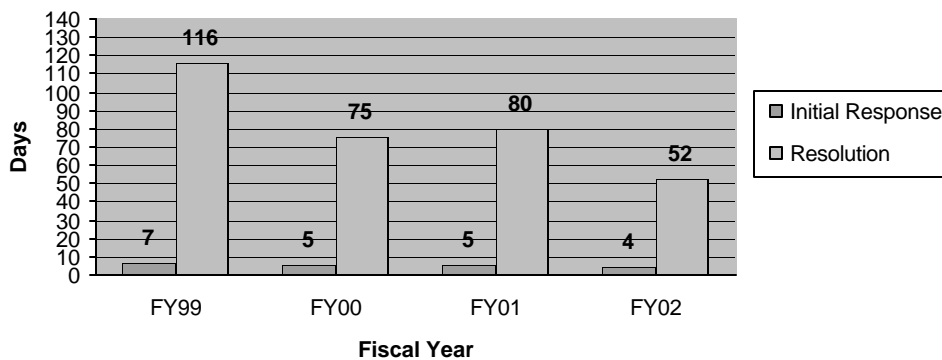
Measure:

The time taken to respond to and resolve complaints.
Sec 34(b)(3) Ch 90 SLA 2001(CSHB 250 (FIN))

Alaska's Target & Progress:

Beginning in FY99, the division initiated an effort to reduce the amount of time it takes to respond to an initial complaint and to resolve the complaint. Timeliness is important to those who file a complaint with the division. The division's target for this measure is 2 days for the initial response, and 90 days for the resolution. The division recognizes that complex cases may take longer to resolve due to factors beyond the division's control. The division's target is for an average resolution time, with the understanding that individual cases may take longer. Through September 30, 2001, the FY02 achievement for initial response time was 4 days, down from 5 days in FY01. The FY02 achievement for resolution time was 52 days, down from 80 days in FY01.

Days for Initial Response and for Resolution
(As of September 30, 2001)



Benchmark Comparisons:

Not applicable. There are no benchmarks for this measure. The time it takes to resolve complaints is affected by the complexity of the case.

Background and Strategies:

Assisting Alaskans with their investment problems by responding to their complaints, and taking actions to resolve those complaints is a critical part of the division's efforts to protect investors. Timeliness is an important aspect of that process.

Strategy: The division promptly sends a postcard to a complainant acknowledging receipt of the complaint and giving a file number for future reference. Complaints are then put into a database and the division interviews the complainant to obtain alleged facts and related documents.

BRU/Component: Insurance Operations

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Robert A. Lohr, Director

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Key Performance Measures for FY2003**Measure:**

The average time taken to respond to consumer complaints.
Sec 35(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY01 a baseline target of 40 days was established for the average time it should take to respond to consumer complaints. The average time to respond to a complaint varies due to the complexity of the complaint. Our goal is to respond and resolve consumer complaints within 40 days.

Benchmark Comparisons:

Other states similar in size with the same volume average between 37 to 42 days to resolve complex consumer complaints.

Background and Strategies:

The Consumer Services Section received 461 formal written complaints, responded to 3,960 phone calls and 144 emails dealing with some form of consumer complaint. The performance measure given is the average time to respond to consumer complaints. Most complaints receive some type of response within five days of receipt. Our goal is to resolve 85 percent of formal written complaints within 40 days. Approximately 15 percent of the formal complaints received may extend beyond the 40-day time frame because of the complexity of the complaint and the time needed to coordinate with others sections.

Measure:

The average number of days required to process applications and issue licenses and renewals.
Sec 35(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY99 and FY00 the average processing time for all license applications was 0-15 working days. During FY2001 the average time for issuing a renewal license was eight-working days and the average time for issuing an initial license was thirteen-working days. The number of license renewal requests grew 22 percent and new applications increased by 12 percent compared to FY00. This significant growth in volume has necessarily impacted processing time.

In FY03 the average processing time for new applications may increase up to two additional days due to implementation of the new federal and state legislation that requires a major overhaul of our licensing process designed to make Alaska's licensing process uniform and consistent with other states as required under state law (HB 184) and federal law. This change will achieve greater efficiencies and provide an easier method for an agent to become licensed in all states.

Benchmark Comparisons:

The average time for processing complete license applications and renewals in states of similar size and staffing is ten days.

Background and Strategies:

Currently approximately 75 percent of all license applications received by the division are incomplete. This requires the division to request additional required information from the applicant. Not only does this increase the average number of days required to process applications; the applicant's length of time to respond is outside the division's control. To remedy this problem the division is moving to an electronic application process. This change will substantially reduce if not eliminate the ability to submit an incomplete application. The electronic application will not

allow an applicant to submit an application unless all required information is completed.

The processing time for issuing initial and renewal licenses during FY03 is estimated to increase to ten-working days. The processing time will increase due to the requirements of federal legislation (GLBA) and state legislation (HB 184). This legislation is designed to streamline the application process and will make it easier for agents to become licensed in all 50 states. However, during the transition the division must design and implement a new electronic application process.

Measure:

The number and percentage of insurance-related civil and criminal investigations completed.
Sec 35(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY01 the division closed 24 cases. Six cases were closed because no violations were found. Eleven cases were referred to the District Attorney for criminal prosecution and ten cases were referred to the Attorney General for civil or administrative action. Some cases are referred to both the Attorney General and District Attorney for dual actions.

Of those cases referred to the District Attorney, six resulted in convictions. Many of the cases referred for possible civil disciplinary action are pending action.

A target for FY03 is to close at least 62 percent of the cases opened during the fiscal year and to present appropriate cases to the District Attorney's office.

Benchmark Comparisons:

This division looked at other states similar in size and staffing with the same volume of work and found that the number of investigations completed is similar. For example, Wyoming opened 80 cases and closed 49, with 4 cases referred for possible regulatory action.

Background and Strategies:

Insurance fraud is widespread through all 50 states. It includes private citizens filing fraudulent claims to insurance companies and insurance agents or companies violating a statute or regulation included in the State of Alaska insurance laws. Fraud can be reduced through providing more educational materials and publicizing successful convictions and disciplinary action.

BRU/Component: Occupational Licensing

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Catherine Reardon, Director

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Key Performance Measures for FY2003**Measure:**

The time taken to respond from the filing of a licensing law complaint to the conclusion of the case.
Sec 36(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The following chart shows the number of investigations opened and closed for each licensing program for the past three years. The bottom lines state the average and median age of the closed cases.

Investigations are opened in response to citizen complaints, division inspections, questionable license applications and information received from outside sources. Cases are closed when the division determines that no formal charge will be made against the party, when disciplinary action is taken, or when a hearing determines the licensee did not violate the law.

Among cases closed in FY99, 63 had been open for more than three years. In FY00, 35 of the closed cases had been open for more than three years. In FY01, 25 of the closed cases had been open for more than three years. 66 of the division's current cases have been open longer than three years.

During FY01 and FY02, the division created computer programs to track case age as well as the status of cases once they reach the Department of Law.

The division will continue to work to reduce the length of time it takes to file a formal accusation, determine that no disciplinary action is warranted, or enter a disciplinary agreement. The division target is to complete the above steps in less than 24 months in 90% of cases and in less than 36 months in 95% of the cases.

	FY99		FY00		FY01	
PROGRAM	OPENED	CLOSED	OPENED	CLOSED	OPENED	CLOSED
ACUPUNCTURE	0	1			6	3
ARCHITECTS/ENGINEERS/LAND SRVY	23	10	34	52	22	30
ATHLETIC COMMISSION					2	2
AUDIOLOGIST					0	0
BARBER/HAIR DRESSER	23	22	23	16	25	15
BUSINESS LICENSE	1	16	33	3	0	12
CERTIFIED PUBLIC ACCOUNTANCY	3	3	21	20	6	4
CHIROPRACTORS	5	8	13	6	32	26
CLINICAL SOCIAL WORKERS	7	2	5	12	13	10
COLLECTION AGENCIES	4	5	4	3	8	6
CONCERT PROMOTERS					0	0
DENTAL	29	13	12	22	14	11
DIRECT ENTRY MIDWIVES	2	1	0	2	2	1
DISPENSING OPTICIANS	4	4	2	2	1	0
ELECTRICAL ADMINISTRATOR	5	8	2	1	0	1
GENERAL CONTRACTOR	4	4	10	7	4	3
GEOLOGISTS					0	0
GUIDE OUTFITTERS	50	32	37	56	23	3
HEARING AID DEALERS	2	1	3	1	2	2
MARINE PILOT	11	14	1	0	4	2
MARRIAGE/FAMILY THERAPISTS	3	14	1	2	5	2
MECHANICAL ADMINISTRATOR	2	3	1	0	1	0
MEDICAL	119	115	170	109	157	107
MOBILE HOME DEALERS						

			0	0	N/A	N/A
MORTICIAN	1	2	2	1	1	0
NATUROPATH	1	0	4	3	1	1
NURSING	57	43	96	64	106	76
NURSING HOME ADMINIS	1	1			2	1
OPTOMETRISTS	0	2	5	3	1	1
PHARMACISTS	13	9	4	10	13	9
PHYSICAL/OCCUPATIONAL THERAPISTS	10	4	6	8	2	6
PROFESSIONAL COUNSELOR	N/A	N/A	2	0	16	9
PSYCHOLOGISTS	12	11	14	13	11	11
REAL ESTATE	53	123	41	67	35	38
REAL ESTATE APPRAISERS	10	3	3	8	6	7
UNDERGROUND STORAGE TANK	0	1	1	1	0	0
VETERINARIAN	10	7	6	6	14	11
TOTALS	465	482	556	498	535	410
Closed by License Action		110		147		144
Median age of closed cases		250 days		185 days		164 days
Average age of closed cases		460 days		294 days		361 days

Benchmark Comparisons:

The points at which investigations are considered opened and closed, the types of licensing programs administered and the agency's role in investigations vary substantially among states.

The Colorado Department of Regulatory Agencies Division of Registrations completed 701 cases in FY01. The average number of days their cases were open was 169. However, complaints are reviewed by licensing boards or their designees before they are opened and cases are considered closed when they are returned to the boards that decide whether to refer the cases to their Department of Law for prosecution. Therefore, the time spent in legal preparation and hearings is not included in Colorado statistics.

The Virginia Department of Health Professions referred 499 cases to their boards during the fourth quarter of FY01. The median number of days cases were investigated prior to board referral ranged from 51 days for mortuary cases to 191 days for pharmacy cases. Once again, the time required for disciplinary proceedings is not included in the statistics.

Background and Strategies:

Many factors affect the length of time a specific case remains open including: the priority the division gives to the case based on risk to public health and safety, the overall division case load, the complexity of the investigation, the availability of Department of Law legal services, the hearing officer's schedule, court action and the action of the licensee under investigation. Quick closure of cases cannot be an isolated goal, because investigative thoroughness is also essential to protect consumers. The number of cases closed with license/disciplinary action should also be taken into account.

Measure:

Whether the division increases the number of opportunities to take occupational licensing examinations by at least 25 percent in the fiscal year ending June 30, 2003.

Sec 36(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Many professionals cannot qualify for licenses without first passing an exam. Exams must be conducted properly and securely to render accurate results.

When the division recommended this measure, the division intended it to apply only to

division-controlled written exams. These include the written licensing examinations for the following professions: barbers, hairdressers, estheticians, guides, game management units, electrical administrators, mechanical administrators and residential contractors. These exams are generally offered quarterly.

The division increased the number of locations in which guide exams were offered, but did not reach the goal of offering all the above exams monthly in Fairbanks, Anchorage and Juneau. The division target for FY02 is to create a workable plan to increase the frequency with which these exams are offered in FY03.

Benchmark Comparisons:

The frequency of exams in other large-area/ small-population states is unknown. The best measure of Alaska's progress is whether exam opportunities meet the needs of Alaskans.

Background and Strategies:

The division recommends revising this measure to state, "Whether the division provides adequate opportunities for Alaskans to take occupational licensing examinations." This wording would better reflect the style and purpose of the division's other measures.

The division initially intended to designate a clerk in Anchorage and Fairbanks who would administer exams one day each week and supervise additional private proctors. This would have resulted in the Fairbanks office being closed to the general public on Fridays. The division has had difficulty carrying out this plan due to staff vacancies and an underestimation of the staff time required.

Measure:

The percentage of complaints per license classification.
Sec 36(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The following chart shows the number of license holders and the number of new investigations opened for each licensing program for the past three years.

The majority of cases are opened in response to citizen complaints against license holders or individuals practicing without a required license. A case is not opened if a complaint is received regarding a matter over which the division and its associated boards clearly do not have jurisdiction, for example a billing dispute. The division also opens cases on its own initiative when inspections reveal violations of law, when license applications contain questionable information or when information reaches the division through a means other than a citizen complaint.

The division target is to track complaint and investigation trends and report them to licensing boards so they can determine whether changes in regulation of professions are warranted. During FY02, the division will develop systems to track and report the sources and types of complaints.

Board/Commission/Occupation:	FY 1999		FY 2000		FY 2001	
	Licensees	# of Cases	Licensees	# of Cases	Licensees	# of Cases
Acupuncture	36	0	44	0	50	6
AELS	5,275	23	4,994	34	5,395	22
Athletic Commission	128	0	134	0	160	2
Audiology	42	0	46	0	39	0
Barbers & Hairdressers	3,738	23	3,197	23	3,619	25
Chiropractors	184	5	196	13	186	32
Clinical Social Workers	255	7	197	5	292	13
Collection Agencies	295	4	259	4	386	8
Concert Promoters	11	0	16	0	7	0
Construction Contractors	6,069	4	6,109	10	6,272	4
Dental	889	29	954	12	1,080	14
Dietitians	0	0	80	0	104	0
Direct Entry Midwives	17	2	22	0	21	2
Dispensing Opticians	110	4	103	2	75	1

Electrical Administrator	718	5	668	2	708	0
Guide-Outfitters	1,898	50	1,870	37	2,262	23
Hearing Aid Dealers	22	2	25	3	18	2
Marine Pilots	81	11	85	1	80	4
Mechanical Administrator	547	2	484	1	521	1
Marital & Family Therapy	119	3	124	1	100	5
Medical	2,252	119	2,535	170	2,333	157
Mortuary Science	125	1	133	2	104	1
Naturopaths	21	1	20	4	23	1
Nursing/Nurse Aide	10,367	57	10,249	96	9,816	106
Nursing Home Administrators	58	1	68	0	55	2
Nutritionists	0	0	1	0	2	0
Optometry	104	0	112	5	107	1
Pharmacy	1,164	13	1,072	4	1,440	13
Physical/Occupational Therapy	599	10	535	6	660	2
Professional Counselors	0	0	119	2	327	16
Psychology	214	12	192	14	170	11
Public Accountancy	919	3	854	21	951	6
Real Estate	2,072	53	1,852	41	1,955	35
Real Estate Appraisers	161	10	155	3	126	6
Speech Pathologist	0	0	0	0	86	0
Storage Tank Workers	244	0	169	1	179	0
Veterinary	300	10	323	6	318	14
Sub-Total:	39,034	464	37,996	523	40,027	535
Business Licensing	76,936	1	73,540	33	73,617	0
Geologists	500	0	517	0	525	0
TOTAL:	116,470	465	112,053	556	114,169	535

Courtesy and temporary licenses not included.

Benchmark Comparisons:

This measure was created in the FY02 budget bill. During FY02, the division will gather information from other states for benchmark comparisons.

Background and Strategies:

An increase in the percentage of investigations per license holder in a particular profession does not necessarily indicate a decline in professional performance or customer satisfaction. Publicity and division resources to pursue cases both encourage citizens to report incidents. Also, case loads increase when division investigators can be proactive by conducting inspections and engaging in community outreach. Finally, allegations of practice by individuals who do not have required licenses are included in case statistics.

BRU/Component: Regulatory Commission of Alaska

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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Key Performance Measures for FY2003

Measure:

The time required to issue public notice, provide an initial analysis, and render the initial commission determination concerning (1) utility and pipeline filings; (2) competitive offerings.

Sec 37(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

During FY01 RCA complied with the timeliness standards of 3 AAC 48.200 through .440 adopted in December 1999.

Benchmark Comparisons:

Comparisons to national statistics are not meaningful because other state commissions have regulatory responsibility for different industries, and process and categorize cases differently.

Background and Strategies:

When the Legislature created the RCA, it tasked the commission with developing and adhering to timeliness standards because of public complaints about the predecessor agency's processes. RCA has adopted standards and are incorporating processes to measure its progress as part of developing and implementing our management information system.

By the end of FY2002 RCA should have actual data from its management information system to report on this measure.

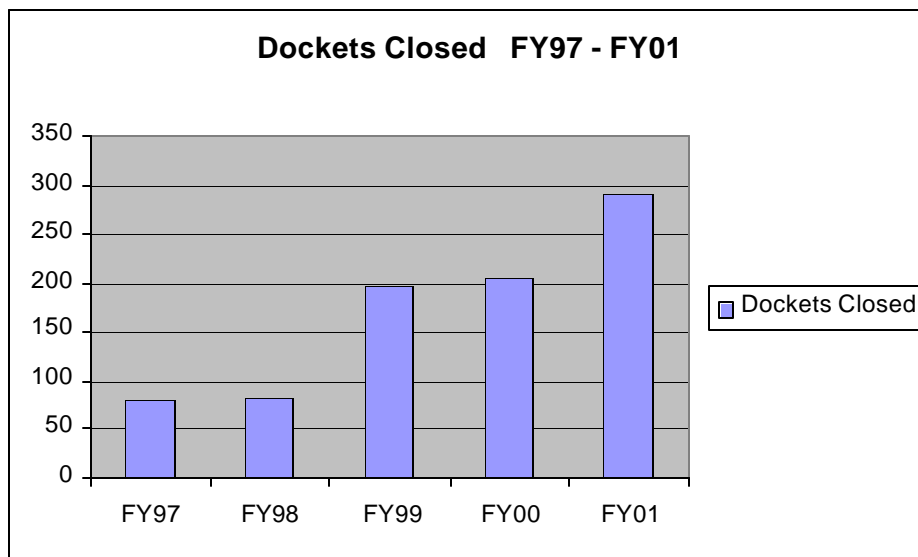
Measure:

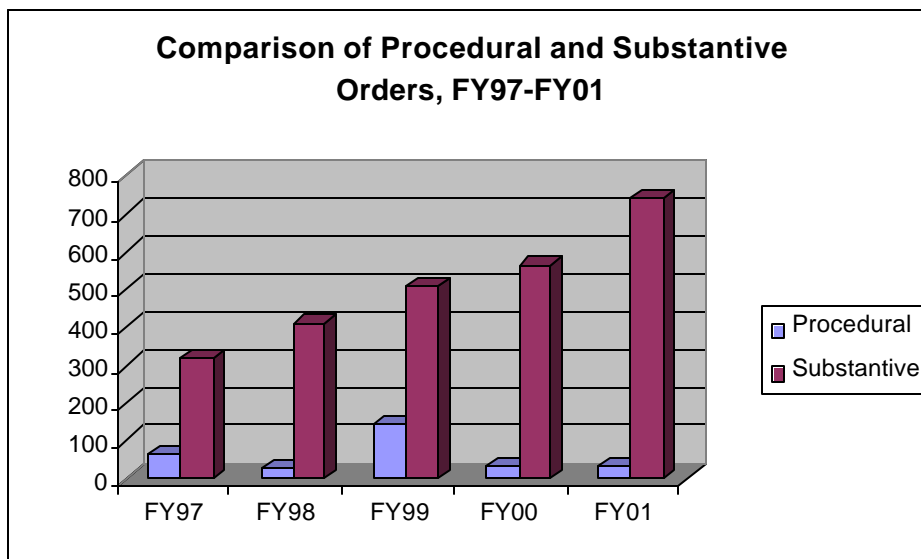
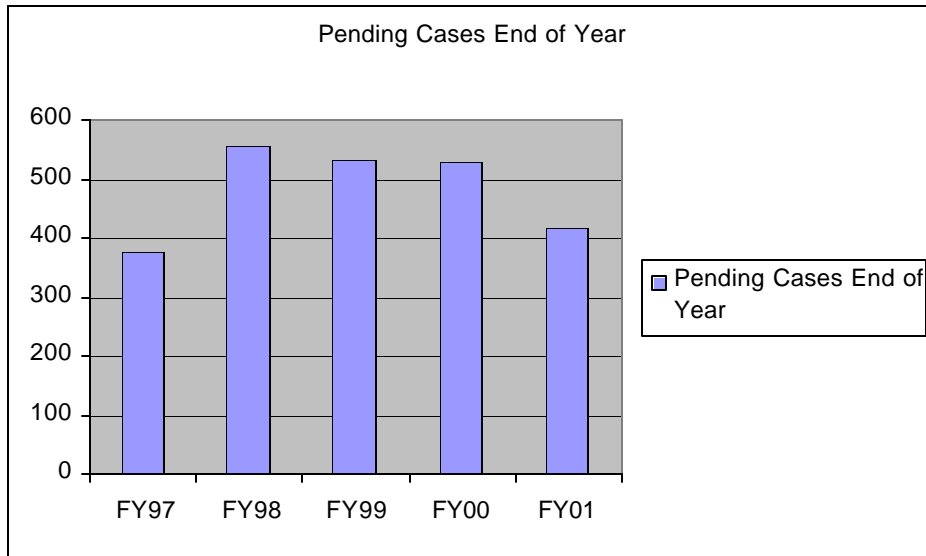
The change in the number of unresolved filings.

Sec 37(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

During FY01, the RCA significantly reduced the number of cases pending before it, from 531 cases to 418.



**Benchmark Comparisons:**

Not applicable.

Background and Strategies:

When the Legislature created the RCA, the commission was tasked with reducing the number of unresolved filings because of industry complaints about the predecessor agency's processes. The RCA routinely opens approximately 175 – 210 new dockets each year. Since its inception, as a result of a concerted effort to resolve all long pending cases, RCA has closed more dockets than were opened. RCA expects the docket caseload to stabilize in FY02--FY03 at approximately 350 cases.